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# USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

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## USSR REPORT

### CONSUMER GOODS AND DOMESTIC TRADE

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### YOUTH URGED TO SHUN 'ADIDAS', WEAR SOVIET EMBLEMS

Minsk SOVETSKAYA BELORUSSIYA in Russian 26 Apr 84 p 2

[Article by raid brigade: "And the Firm Is Whose?--A Raid of SOVETSKAYA BELORUSSIYA and Republic Television"]

[Text] Young people's fashion, as we know, is extremely changeable. Every season something new or something old and well forgotten appears in it. But the desire of young people to dress strikingly and originally remains constant.

This spring sportscoats made from modern materials, knitted sports shirts with bright emblems and inscriptions enjoy great popularity....

"Unfortunately, such goods are manifestly in short supply," customer L. Petrova with whom we were chatting in a Brest store called Sportivnyy Trikotazh [Sports Knitwear] told us. I wanted to get a present for my son, but I had to leave without a purchase. I was unable to find anything suitable."

Other customers have stated the same point of view. But we shall narrow down the subject somewhat and not speak of fashionable clothing in general but rather concentrate attention solely on goods with trademarks of domestic enterprises on which a bright, expressive symbol would be fitting.

In the selection room of Brest Oblast Torgodezhda Wholesale Center, there are many such items. These include samples provided by enterprises of the republic's light industry. But they also suffer from one defect.

"This defect is inexpressive artistic execution," Petr Feodosyevich Nichporchik, the center's director, explains. "The sportscoats are almost all monotonous looking. And while many of them are in demand because of the raw material used--100 percent cotton--they would enjoy much greater success if they had a bright emblem, inscription or symbol on them. True, some progress has been made. The Soligorsk Double-Knit Clothing Factory and several other enterprises are not doing badly in this direction, but on the whole the state of affairs leaves one wishing for better things."

Actually, the republic's light industry produces many good, high-quality goods. But today this is insufficient. Beauty and external appearance of items are assuming the forefront.

Another question, in our view, of considerable importance. The manufacturers of sports knitwear are unknown to the general buyer. The label should at least say that the item was manufactured by one of the enterprises of the BSSR Ministry of Light Industry. The fact is that there are good items and it would do no discredit to the enterprises to adorn them with their trade mark.

The Brest Dinamo Factory, specializing in the output of sportscoats, has made such an attempt. Representing products that now come off the conveyor, Lidiya Andreyevna Lepeshkevich, chief of the enterprise's planning department, remarked that almost all the models are in big demand. Jackets made from the fashionable Oyra fabric are included, but Mogilev Silk-Fabric Combine incidentally is not supplying them in adequate quantities. Some of these items have a firm emblem. But the attempt, it should be candidly stated, proved unsuccessful. A narrow stripe on the chest with the inscription Dinamo is practically invisible. And it is quite understandable why the Latin type was used in writing it. After all the item is not intended for export. This also applies to accessories. It would seem that for an item to be in demand it would not at all be necessary to operate as if it came from abroad.

A large portion of firm emblems are developed by specialists of the BSSR Commercial and Industrial Chamber.

"A trademark is of tremendous commercial importance," Vladimir Mikhaylovich Baturu relates. "It performs an advertising, esthetic and juridical function. We have worked out hundreds of such emblems, including for light-industry enterprises. Unfortunately, many of them are not used to distinguished manufactured items."

One is left only with the regret that streets of cities are dotted with foreign emblems and inscriptions on jackets, bags, sports shirts and running shoes, while our products, which are in no way inferior, remain nameless.

This is taken advantage of by enterprising operators. At Komarovo Market in the stalls where knitted articles are sold, a wide selection of sports caps is to be seen with inscriptions of Sport, Adidas and so on. Their price is significantly higher than of the regular items, but they are eagerly purchased. Of course, they are crude imitations like the sports shirts and sweaters offered by speculators where even the name of a firm may be misspelled, and they lose their shape immediately after the first wash.

One recalls the caps with the inscription Raybichi which were sold at the time of the world biathlon world championship and were bought up instantly. This means that they did it and were able to do so, but the good beginning for some reason was not continued.

Personal-service enterprise could effectively react to emerging demand. But they in distinction to industry do not have a massive flow and items intended for wide-scale sale are put out in small batches.

The Minsk Belarus' Production Association of Dry cleaning and Dyeing of Clothing has developed a new service--a printed design on the shirt. The choice of designs, however, is limited. "But wait!"--that is practically all. At

first there was demand for such a service, but because of the low quality of execution, it began to drop and again they found it impossible to develop a good undertaking to its completion.

The symbol, emblem or trademark is no trifle. It is advertising, education, propaganda and, if you please, politics. Let us take an attentive look at inscriptions and symbols that adorn superstylish jackets and shirts of young people. Pictures of kung-fu and karate champions, the stars and stripes flag covering the entire back, glistening packs advertising Marlboro, Montana and the like. Many people, teenagers in particular, frequently do not know what symbols they are flaunting or what the inscriptions on imported clothing call for. Some of them walk on the streets with American "Green Beret" emblems on their sleeves....

Symbols, characterizing the Soviet way of life, our ideals and orientation, should become a permanent part of the life of our youth. While significant successes have been attained in production of souvenirs--they are distinguished by a certain expressiveness and clear-cut propagandist direction, the same cannot be said of other goods.

Take, for example, the uniform of the fighters of student construction detachments. Each detachment decorates it according to their own ideas, in a handicraft way, and far from always successfully. But significant, striking emblems could be developed for the student detachments of a particular city, particular VUZ or tekhnikum. The technology of making such items is not complex.

Something also should be said about workclothes. At the Ploshchad Pobedy Metro station, young boys are working. They have painted with oil paint Metrostroy on their overalls. The boys are proud of the organization in which they work, they are proud of their work, and their desire to stand out is understandable. This desire is conducive to certain speculation. Assuredly it makes sense for industrial enterprises to make special emblems for their workers, symbolizing the plant or factory brand. Such symbols are very rarely encountered in plant shops.

A pressing need now exists to have a coordinating center in the republic that would be engaged in designing and introducing Soviet symbols for the most diverse purposes. The presently existing council under the aegis of the Department of Fine Arts of the BSSR Ministry of Culture is not coping with this function, restricting itself solely to the approval of presented specimens and having no practical influence on production practice.

We await opinions on the problem touched upon from the BSSR Ministries of Culture, Trade, Local and Light Industry and from other interested organizations.

Materials of the raid will be shown on a program of Belorussian television "What's Behind the Shortage?" to be viewed on 26 April at 19:45 hours.

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## HOUSING AND PERSONAL SERVICES

### RSFSR CONSUMER SERVICES MINISTER ON ECONOMIC EXPERIMENT

Moscow SOVETSKAYA ROSSIYA in Russian 13 May 84 p 2

[Interview of I.G. Dudenkov, RSFSR minister of consumer services, by SOVETSKAYA ROSSIYA correspondent V. Shilov: "Service on the Threshold of Cost Accounting --RSFSR Consumer Services Minister I.G. Dudenkov Describes the Course of Preparations for Carrying Out Economic Experiment"; time and place not specified]

[Text] As has already been reported, the Presidium of the RSFSR Council of Ministers heard the reports of the heads of the republic Ministry of Personal Services and Gosplan on the course of preparations for carrying out an economic experiment in the personal services system. Our correspondent V. Shilov asked I.G. Dudenkov, the minister of personal services of the Russian Federation, to comment on the results of the held discussion.

[Answer] We should probably at the outset recall to readers the nature of the problem, the minister said. In the last 10-12 years the personal services system in the Russian Federation has been developing at a high rate, becoming transformed into a large industrial sector. At the republic's Ministry of Personal Services today there are 4,500 cost-accounting enterprises. The system of serving the population consists of 155,000 clothing repair and tailoring shops, workshops and receiving centers. The list of services exceeds 900 designations. Our services are used daily in one way or another by 18-20 million persons....

[Question] At the same time, far from every one experiences satisfaction. As shown by editorial mail, the number of complaints and criticisms concerning personal services is still large. Last year, SOVETSKAYA ROSSIYA received about 20,000 letters of this nature.

[Answer] It must be candidly admitted that the personal services system under the same social-economic living conditions is developing with major disproportions in different administrative regions: here and there the lag behind the average level is 1.5-2.0-fold. I shall name what in our view is the chief reason for most flaws and problems--due to the rigid regulation of their production and financial activity, collectives of personal services enterprises lack the necessary economic interest in fuller utilization of all available means for improving their work. Hence you have poor initiative, enterprise and low service standards.



This means that in order to radically change the situation, planning evaluation and motivation in the sector would be needed to bring it in accord with its ultimate objectives. In other words, it is necessary to create such an economic mechanism as would actively exert an influence on raising the level of serving the population. For this end, an economic experiment has been designated in eight large administrative regions of the Russian Federation. The main point is that now a significant portion of funds acquired from improvement of the services remains at the disposal of personal-service enterprises and is used at the collective's discretion. The possibility emerges to expand and modernize production, to build housing and social-purpose facilities. Of course, as we work better, the funds for all this will be that much bigger.

[Question] The experiment, as we know, is to start in July. Only a month and a half remain before starting. At what stage now are the preparations for the transition to the new conditions of work?

[Answer] The course of preparations for the start of the experiment has been repeatedly studied by the ministry's collegium and at interdepartmental conferences. The sector's headquarters held several discussions involving the participation and reports of responsible officials from the localities. Pertinent orders and instructions were issued. The most laborious part of the preparations has been completed: normative-methodological documentation--a working instrument for daily use--has been created. It's a kind of "new game rules." They have been sent to all enterprises and involved organizations participating in the experiment. Eight integrated brigades are leaving to provide assistance in the oblasts and autonomous republics. In addition to representatives of the Ministry of Consumer Services, they include personnel of the RSFSR's Gosplan, Ministry of Finance, State Committee for Labor and the Central Committee of the sectorial trade union. The integrated brigades will retain this composition as they stay in the regions for the entire period of the conducted experiment.

[Question] Ivan Grigoryevich, does not the warning voiced at the RSFSR Council of Ministers appear timely to you to the effect that meetings, conferences, commissions, orders and instructions should not repress vital and concrete organizational work? The fact is that it sometimes happens that you have rush work in ministry offices but calm in executive workplaces. Does it not sometimes happen that, becoming accustomed to the constant guardianship of Moscow commissions, local managers in some measure may lose the sense of personal responsibility for the new work and forget how to act independently?

[Answer] I believe that critical comments relating to us are quite justified. They help us look at the work of the sector's headquarters [shtab], as it were, from the side. And from the side, as they say, things are more visible. For example, we saw that we sometimes convoke broad conferences not so much because work requires it but rather because it is more convenient for the ministry's apparatus: people are brought in from the localities, directives are given to all of them at one time and it is possible to "close the matter." But it is only on the record that the "matter is closed," in reality, it still remains open for many thousands of people! That is why we intend to decisively overcome conference inertia and to transfer the center of gravity of all work to the localities, especially since the situation in a number of

the regions, for example, in Ivanovo and Kemerovo oblasts evokes concern among us. Here you cannot do without a competent and energetic impulse. But, of course, one cannot depend on a system of delegates; it is inadmissible to transform assistance into a substitute for local administrators.

[Question] As we know, the conditions of the experiment are being applied to 700 enterprises taking in 19,000 clothing repair and tailoring shops, workshops and receiving centers with a total number of 146,000 employees. It is very important for every one of them to learn well the "new rules" and to understand clearly that the better and higher quality the work the higher the earnings and living conditions and the other way around: laziness, carelessness, unreliability and disrespect toward a customer are perceptibly disadvantageous materially and morally. What has already been done in this direction?

[Answer] First of all propaganda and explanatory work has been carried out on a wide scale. Here we were greatly aided by local party and soviet organs. I believe that we succeeded in evoking interest in the experiment among the labor collectives. The interest, of course, is not always unambiguous. People still have many doubts, uncertainties and questions which we must refine in the course of economic universal education and most certainly in practical work.

They are acting quite rightly in Bashkiria where the sphere of application of brigade forms of labor organization and motivation with pay according to a single contract and employment of the coefficient of labor participation is being expanded. In Saratov Oblast, certification of workers and master workers is being completed. Here several collectives will begin to use as early as May the conditions of the experiment. Elements of the "new rules" are being introduced in Yaroslavl Oblast concerning which a good description is provided in one of the recent issues of SOVETSKAYA ROSSIYA.

But in the localities as well, it is necessary to proceed at an accelerated pace to organization of the new undertaking. A check shows that in some production associations they are in no hurry to adopt concrete measures such as organization of attendant and comfort [komfortnyye] services and expansion of forms of special fast service. The transition of collectives and workers should be accelerated to contractual wages and pay in percent of profit. Students, pensioners and housewives are hardly drawn into the work. And it can no longer be tolerated that in some personal-services administrations on the eve of the experiment up to half of the enterprises are not fulfilling sale plans for personal services and up to 20 percent of the workers do not fulfill their target norms. The ministry is applying efforts to get the lagging collectives out of the hole they are in. We hope that we will receive help in this from local party, soviet and trade-union organs.

[Question] The economic experiment that we are discussing is not the concern of just the Ministry of Consumer Services. Actually, a reform is being prepared for the entire service sphere. How can we evaluate today the role and cooperation of associated parties?

[Answer] All interdepartmental questions are examined formally, and joint decisions are taken. But it is not always possible to carry out in practice what was planned. The experiment is based on the normative method of planning and material and technical support. Now heads of enterprises will not have to "make plans out of air." Stocks of materials have been allotted for all the work. But it is not that simple to get them as before at Gosnab organizations. Some managers and suppliers believe that they are bound to set up balanced and comprehensive support only beginning with the first of July. We cannot agree with such a position. In the economy, the boundaries of start and finish are quite conditional. The Presidium of the USSR Council of Ministers has ordered us to take in now into the conditions of the experiment as many specific collectives and workers as possible so that they could more quickly acquire concrete work skills in the new way. This is a very solid approach. But it is necessary that the partners keep pace with us.

Not all of them are in a hurry to do so. Take, for example, the managers of Yaroslavl's oblast consumer union. It eagerly agreed to allot us certain goods so that our customers could concomitantly acquire certain items of everyday use at personal-service centers. But at the oblast trade administration, they firmly refused to budge: we, they said, shall sell ourselves everything that we have that is good--why make a "profit" with someone else? It became necessary with the aid of the party obkom and the oblast ispolkom to explain to these adherents departmental traditions: We are not concerned with dividing up the "profit" but rather with additional conveniences for the people that we serve. Similar examples are to be found in other oblasts.

[Question] Ivan Grigoryevich, the representatives of Bashkir ASSR and Yaroslavl Oblast spoke at the meeting of the Presidium of the RSFSR Council of Ministers about how local soviets involve industrial enterprises, construction organizations, kolkhozes and sovkhoses in taking part in providing services for the population. What are the prospects of working along this direction?

[Answer] Today this form of expanding the volume of services is being done inadequately. At this time only here and there local soviets, overcoming inertia in the thinking of managers, set tasks for volume of services for industrial and rural enterprises. In most regions this work is at a standstill. At the same time, party and government directives in this regard are quite unambiguous: each enterprise, regardless of sectorial affiliation, must take part in providing personal services for the population. Actually, why should plants not in a semilegal but in an organized form not help workers repair apartments, build summer cottages and plow kitchen gardens? Moscow's Khromatron provides interesting experience. Here the enterprise provides a number of personal services, at the same time involving in it our organizations. In the immediate future, such a procedure will be included in plans of social and economic development. It would be useful to work out even now forms and methods of allocating services in terms of size and types.

Here I would like to inform readers of SOVETSKAYA ROSSIYA that on the instructions of the government of the Russian Federation we are working on being able to expand in subsequent months the framework of the experiment, extending



it to several more regions, including Moscow and Leningrad. So the work on radically reorganizing the personal services system has only been started. Our task is to get it to achieve anticipated end results.

[Question] Isn't it possible that here and there the benefits provided by the "new rules" will be eagerly utilized without manifesting due concern for the individual customer?

[Answer] The chief evaluating criterion will be the sales volume of services paid by the population. But misgivings that some managers will try to utilize the experiment primarily for the benefit of their collective are not unfounded. I recall a meeting with V.A. Teterin, the director of Yaroslavl Association for Repair of Radio and Television Sets. He is an experienced worker and a good organizer--in general, a person respected in the industry. He accurately counted up what material advantages his enterprise would acquire. "And the customer?" I asked. He could find nothing to say. It turned out that he had no clear program here. "It is necessary," I said, "to introduce fast service repairs more widely so that the customer can get back on the third day the television set that he brought in." "Why? We do fine with a 2-week time period."--"You might be satisfied, but the customer--not likely." Such a bureaucratic understanding of the objectives of the experiments is by no means a rare exception. We cannot help but be aware of this.

[Question] At the meeting of the Presidium of the Council of Ministers, it was insistently emphasized that it is necessary to create such a system of operation and control as would make it possible to keep effective track of the experiment and to watch the dynamics of its development. How is this directive being fulfilled?

[Answer] We are now creating a group of operative control. Its mission is to trace by means of operational "measurements" qualitative changes in personal services. How is the list of services being expanded? Are the time periods of execution of orders being speeded up? We are getting ready to conduct broad sociological surveys of public opinion. In other words, we are trying to see to it that the population will feel outright from the very first steps of the experiment that truly personal services are operating significantly better under the new conditions.

\* \* \*

The editors invite our readers in Bashkir and Komi ASSR, Altay Kray, Astrakhan, Ivaanovo, Kemerovo, Saratov and Yaroslavl oblast to take part in monitoring the development of the economic experiment in the personal services system. We await your letters!

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## CONSUMER SECTOR POLICY AND ECONOMICS

### REPORT ON ECONOMIC EXPERIMENT IN LISSR LOCAL INDUSTRY

Moscow EKONOMICHESKAYA GAZETA in Russian No 21, May 84 pp 11-14

[Article by A.-M. K. Brazauskas, secretary of the CP of Lithuania Central Committee: "Operational Experience of Associations and Enterprises in LISSR Local Industry under the Conditions of the Experiment"]

[Excerpt] It can be said without exaggeration that all the labor groups of the associations and enterprises of Lithuania's local industry are living today by the economic experiment.

This experiment has provided for the creation of such conditions as would stimulate highly productive work, initiative, and the spirit of enterprise, as well as ensuring a speed-up of scientific and technical progress. In this connection, a system of supplementary measures is being implemented with regard to expanding the rights of production associations (enterprises) in planning and economic activity, as well as ensuring their genuinely economic motivation for achieving high production efficiency and with respect to increasing the responsibility for the results of their work.

All these measures must be directed at further improving and strengthening centralized economic administration in combination with the development of democratic principles in the management of the national economy, enhancing the role to be played by the labor groups in administering the production associations (enterprises), and the broad-based introduction of cost accounting.

Local industry is one of the foremost sectors in this republic. The 21 associations and enterprises included among Lithuania's Ministry of Local Industry produce almost 2500 types of items worth a total of about 270 million rubles a year. The labor collectives are constantly striving to upgrade the quality of consumer goods, to satisfy the demands of the population more fully, and they pay a great deal of attention to technical improvements in production.

Conducting this experiment has been accepted in each group as an assignment of particular importance; it constitutes a serious exam for the entire republican party organization.

The CP of Lithuania Central Committee, as well as the planning and economic organs did a great deal to see to it that all the enterprises in this sector began the year fully prepared under the conditions of this wide-scale experiment.

A considerable amount of work was done on studying the positions and goals of the experiment, re-structuring intra-plant planning, sales and supplies, and strengthening technological discipline. The labor groups worked out their own plans, taking into account the new system of indicators, limits, and norms; they adopted counter-plans, the foundation of which was made up of additional increases in production volumes, an accelerated development of the production of items made of local raw materials and waste-products, improving product quality, and the unconditional fulfillment of contractual obligations.

The gorkoms and raykoms, along with the primary party organizations, carried out substantial work on mobilizing the labor groups of local industry to seek out additional reserves for increasing labor productivity and decreasing production costs.

The CP of Lithuania Central Committee is according a great deal of attention to accurate monitoring controls over the execution of the measures of the economic experiment and to an operative analysis of the results on working under the new conditions. We are constantly directing the party organizations of the enterprises to see to it that the economic personnel at all levels manifest more independence in solving the problems of increasing production efficiency. Strict discipline, good organization, a steady aim at seeking out reserves--these are the factors which, perhaps, have become the main ones for the success of the experiment. It is precisely such a style of work which the party committees are striving to affirm within every group.

The operational results of the enterprises of this republic's local industry for the first quarter of 1984 have been thoroughly analyzed in the CP of Lithuania Central Committee Bureau. By collating their own steps with the principal goal of the economic experiment--the attainment of high end results--the republic's local industry fulfilled the product sales plan by 101.9 percent; moreover, all the enterprises fulfilled their own contract obligations by 100 percent. Product sales were over plan by an amount of 1,246,000 rubles. The volume of products sold, as compared with the corresponding period of last year, increased by 4.7 percent, in comparison with the plan amount of 2.8 percent. The production growth rate of commercial output amounted to almost 6 percent, and labor productivity--to more than 5 percent. By means of this factor 98 percent of the increase in production volume was obtained. These indicators likewise exceed those of the plan.

Also above the plan assignments was the output of consumer goods and items of cultural-everyday and economic types.

The assortment has been considerably renewed. The output of higher-quality products increased, as compared with this same period of last year, by 31.6 percent, and the plan with regard to this indicator was fulfilled by 114 percent. During this time the Badge of Quality was awarded to 20 items. The directions for further improving the sectorial system of quality control of production were also determined; its introduction was completed last year.

There has been an increase in the role played by economic norms as important levers of management in developing initiative and the achievement of high end results. In the labor groups they have begun to make better use of production

reserves and fixed capital assets; they have stepped up their attention to economy measures, to the growth of labor productivity, and to upgrading the quality of the items being produced.

At the same time, it was noted at the buro session that the party organizations should more actively direct the efforts of the labor groups at a more effective utilization of the advantages and possibilities which the experiment affords, and at carrying out the tasks assigned by the five-year plan. Indeed, it is to them, the participants in the experiment, that the words spoken by Konstantin Ustinovich Chernenko at the April (1984) Plenum of the CPSU Central Committee are primarily addressed: "We are coming up to an extremely important milestone of the five-year plan, when the accounting is already for a matter of months. Moreover, the situation is such that we cannot avoid further stepping up our economic work."

Attention has been drawn to the fact that material labor incentives for workers, engineers, technicians, and office employees should be made more closely dependent on the specific contribution of each employee to the fulfillment of the plan tasks, as required by the decree on the experiment.

It is undoubtedly true that the enterprises' production activity under the new conditions depends, to a large extent, on the efficient work of the material and technical supply services. It is no secret that previously local industry was always plagued by great difficulties in this regard. Unfortunately, even during the course of this experiment a number of suppliers have already shown a lack of discipline. In the first quarter, for example, Soyuzlegpromsyr'ye [Delivery of Raw Materials for Light Industry Main Administration] of the USSR furnished deliveries of only 50 percent of the stocks for cotton dyed yarn, while the enterprises of the RSFSR's textile industry supplied only 17.3 percent of the raincoat cloth fabric with respect to the allotted stocks. Certain enterprises shipped out metal and other types of raw materials on the final days of the month or the quarter. In a formal sense, they had fulfilled their own obligations. But, in fact, they let their partners down.

The buro recommended that broader use be made of delivering the products of local industrial enterprises by means of the supply trade centers. The party gorkoms and raykoms have been charged with the obligation of improving the study of and summing up the advanced experience with regard to the new methods of economic management.

A number of associations under the jurisdiction of the Ministry of Local Industry have had such experience. Among them are the Neringa, Dovana, and Metalistas Associations, whose work under the conditions of the experiment is mentioned in this publication. Of course, the groups at these associations are still far from having fully implemented those possibilities which the experiment has opened up for them. There are still many tasks and concerns ahead of them. But it is interesting to see what they have already accomplished during the course of the experiment to increase production efficiency and develop economic initiative.

In speaking about the wide-scale economic experiment, it should be noted that its participants include not only Lithuania's local industry but also eight



enterprises under the jurisdiction of the Ministry of the Electrical Equipment Industry located on the territory of our republic. They have all completely fulfilled their obligations with regard to product deliveries as well as the plans with regard to the growth of labor productivity, as computed by the normative-net output, which is the principal indicator for them.

On the whole, the republic's industry has fulfilled the plan for four months with respect to the growth rate of production volumes, output of most types of items, and the volume of product sales. This has inspired confidence that the working people of Soviet Lithuania will successfully cope with the tasks of the fourth year of the five-year plan.

[Article by G. K. Simenenko, LiSSR Minister of Local Industry: "Broader Rights--More Responsibility"]

Since the beginning of the current year this republic's local industry has been operating under the conditions of an experiment which has expanded the rights of production associations (enterprises) in planning and economic activity and increased their responsibility for the work. But what specifically has been changed?

Beginning in 1984, there has been a significant curtailment of the indicators to be approved in the five-year and one-year plans for the economic and social development of production associations and enterprises, as well as for the ministry as a whole.

Moreover, all the existing accountability has been retained, and, at the same time, the role of the ministry has been increased in exercising monitoring controls; there has also been an increase in the responsibility of the enterprise managers for the economically justified development of plan indicators and for their fulfillment. Thus, for example, the enterprises themselves now establish the plans for production output with the State Badge of Quality, as well as the plans for new equipment.

In contrast to other ministries conducting this experiment, it is not the indicator of labor productivity which is approved for us but rather a limit on the number of workers and office employees. However, the importance of the labor-productivity hardly becomes any less because of this, since the formation and utilization of the economic-incentives funds and the wage fund are closely coordinated with it. In addition to the numerical limits, limits are established on state capital investments, building-and-installation operations, and the most important types of material-and-technical resources (funds in the one-year plans).

There has been an increase in the role played by economic norms in forming the plan technical-and-economic indicators. The receipt by enterprises of funds for wages and social development, for improving production in accordance with stable norms depends directly on the end results of the work. And this means that today the collectives at the enterprises are motivated to work out stepped-up plans.

In order to increase the motivation of the production associations and enterprises to intensify their production by means of re-tooling, they have been

granted complete independence in their use of the fund for production development and the fund for local industrial development, which are likewise computed on the basis of stable norms. Projects by means of monies from these funds are carried out above the plan of state capital investments, as a rule, by the efforts of the enterprises themselves, with an allocation for these purposes of material-and-technical resources within the plan procedure. For this reason planning the amount of decentralized capital investments has been restored.

Production associations and enterprises have been granted the right to independently decide questions concerning the use of the fund for socio-cultural measures and housing construction. Up to the present time the monies of the above-indicated fund in our sector have been used primarily to carry out mass-cultural measures. An insignificant portion of them--only 200,000--300,000 rubles a year--have gone into housing and cultural-everyday-service construction. But under the conditions of the experiment for housing construction alone during 1984 the ministry's system was allocated a limit of decentralized capital investments amounting to 1 million rubles. According to the approved norm, monies from the fund for socio-cultural measures and housing construction during the present year will increase by 11.3 percent. Growth of this fund depends directly on the end results of an enterprise's work--the increase in profits.

There has been a simplification of the procedure for conducting scientific-research and planning-design projects, as well as creating new types of consumer goods. On a number of new consumer items being developed by local industrial enterprises the standard models and normative technical specifications have been coordinated only with the republic-level organizations, and not with the main, Union ministries. Normative specifications have been approved which simplify the procedure for working out and formulating technical specifications and prices.

In the experiment enterprises are motivated to increase production output with minimal labor outlays. This is facilitated by the provided procedure for forming the wage fund, within which a portion of the monetary savings is used for material incentives for the employees.

Thus, the production associations and enterprises of Lithuania's local industry have been granted broad rights. This imposes on the labor collectives a particular responsibility for conducting the experiment successfully. And, although not much time has gone by, there are some definite results already.

During the first quarter the plan for product sales, taking deliveries into account, was fulfilled for the first time by 100 percent. The plan with regard to profits was over-fulfilled by 8.6 percent.

By what means was this achieved?

The sector has expanded the application of progressive technical-economic norms and standards of material and labor resources, as well as the distribution of profits. The conversion has been completed of the planning-and-design organizations, along with the production associations and enterprises, to the cost-accounting system of organizing work with regard to the creation, development, and introduction of new equipment on the basis of authorized requisition orders

(contract agreements). At the present time at least 80 percent of the capital investments are channeled into re-tooling and modernizing existing enterprises. Functioning within the production associations and at enterprises is a comprehensive system of product quality control; it has been worked out for the sector as a whole. More attention has begun to be paid to the introduction and improvement of the brigade forms of organizing and providing incentives for work. Today approximately 60 percent of the workers are employed in 670 brigades.

I would particularly like to note the fact that working under the conditions of the experiment requires a more accurate and well-thought-out organization of enterprises' technical policies, a rapid reaction to changing demands, and constant attention to market conditions. Here too shifts toward the better are at hand. Thus, there has been an expansion in the application of the integrated fund for the development of science and technology; its role has been increased in perfecting production and in improving the quality of the products being turned out. During the first quarter 295,000 rubles out of the fund, left at the disposal of the associations and enterprises, was spent for these purposes --almost 50 percent more than during the corresponding period of last year.

This has helped to increase the rate of renewing the assortment of products being turned out. The plans for developing new items in mass demand include those which have been recommended by the trade organizations. And here is what is important: the time-periods required for approval of the standard models and technical specifications have been cut almost in half due to the fact that this process has been significantly simplified. New items have begun to find their way more rapidly to the shoppers. Moreover, what we are talking about are good-quality items which are in demand. During the first three months of the current year the output of items belonging to the highest quality category increased by 31.6 percent, as compared with the corresponding period of 1983.

Output of Items Belonging to the Highest Quality Category during the First Quarter of 1985 (As Compared with the Corresponding Period of Last Year)

221	340
7,592,000 rubles	9,997,000 rubles
1st Quarter of 1983	1st Quarter of 1984

Of course, during the experiment shortcomings and difficulties have been discovered, along with problems which still remain to be solved. Despite the large amount of preparation which was conducted at the enterprises and associations, not everybody has been able to re-structure his work in accordance with the new requirements. Intra-plant cost accounting, especially the brigade-type, is still insufficiently developed. Although many items of Lithuania's local industry have given a good account of themselves both on the domestic as well as on the international markets, improvement of product quality remains, as before, one of the most important problems, along with completely satisfying the requisition-orders of trade.



There are also problems whose solution does not depend on us. Thus, a proviso of the experiment states that the formation of the one-year production program with regard to assortment is carried out by the associations and enterprises independently, by proceeding from the orders of the trade organizations. But these orders are formulated at the republic and inter-republic fairs. The late time periods for conducting these fairs do not suit us because the composite orders for raw and other materials must be submitted to Lithuania's Gosplan prior to 15 May. It would be feasible, therefore, to hold the fair no later than April.

In accordance with the conditions of the experiment, the Lithuanian republican office of Gosbank has been granted the right to issue to the enterprises under the Ministry of Local Industry credits above the limit of the state centralized capital investments for promulgating measures with regard to the output of new products and improving their quality, as well as expanding the production of consumer goods up to amount worth 1 million rubles for an amortization period of up to 6 years, whereas previously credits were issued for a term of up to 3 years and only by the board of USSR Gosbank. However, we have not yet resolved the problem of guaranteeing the capital investments carried out by means of bank credits and by material-and-technical resources. This places limitations on the use of credit.

The experiment in Lithuania's local industry is continuing. It requires from every working group a full, creative yield, initiative, and an active seeking out of reserves.

Formation and Utilization of Savings from the Wage Fund at the Metallists Association (in the City of Panevezhis) during the First Quarter of 1984

According to the conditions of the economic experiment, there has been an expansion of the rights of production associations (enterprises) under the jurisdiction of the LSSR Ministry of Local Industry in the use of savings from the wage fund. The purpose of such a measure is to increase the provision of incentives to raise labor productivity and to upgrade the skills of employees. The managers of associations have been permitted to establish, upon agreement with the trade-union association, by means of savings from the wage fund, in accordance with the approved indicators and norms, bonuses to the salaries and wage rates of employees for a high degree of skill and for achieved work results. In accordance with this decision, the following measures have been provided at the enterprises and associations of Lithuania's Ministry of Local Industry:

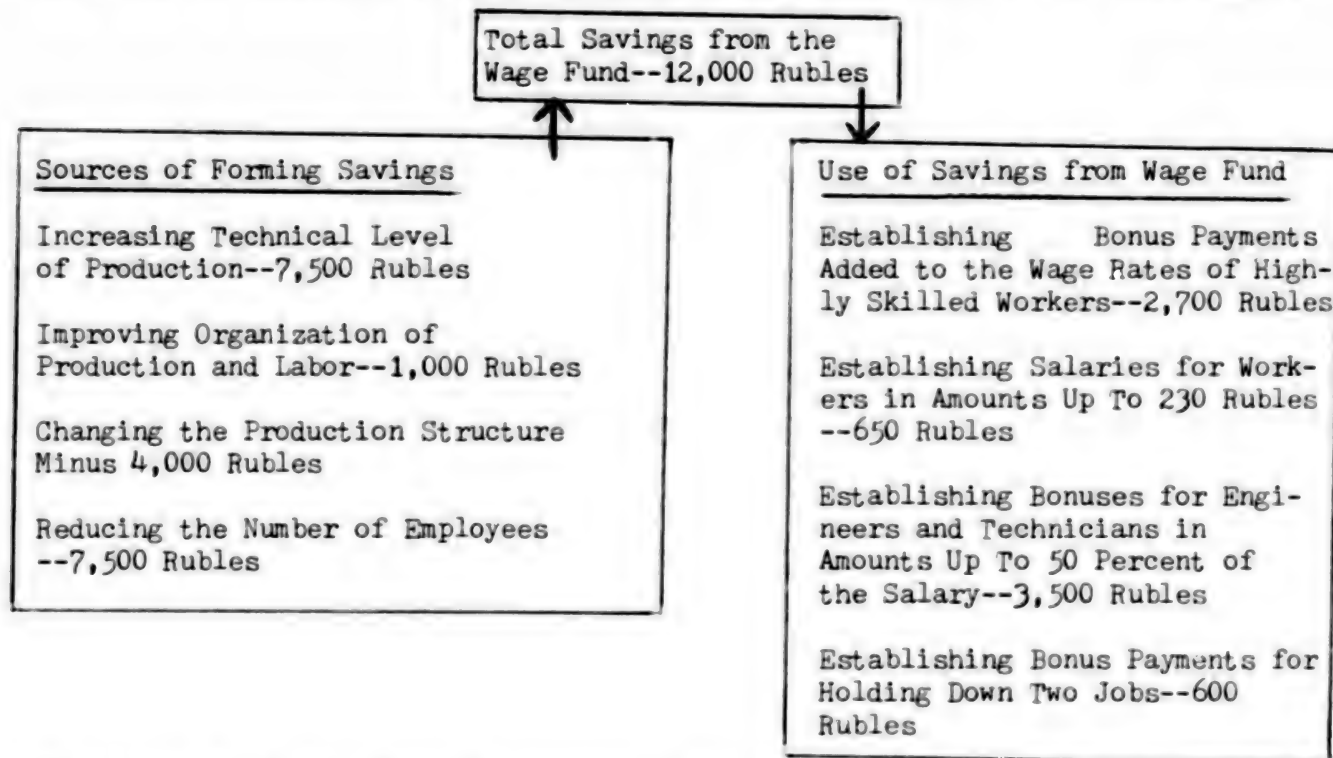
--increased bonus payments to the wage rates of highly skilled workers employed on particularly responsible projects, for occupational skills (for workers in the 4th category--up to 16 percent, 5th--up to 20 percent, and 6th category--up to 24 percent of the wage rate), as well as extra bonuses to highly skilled workers and office employees amounting to as much as 50 percent of the official salary. The sizes of these bonuses and supplementary payments are determined by taking into account the personal contribution of each employee to the development and introduction of new, highly efficient equipment and technology, labor-intensiveness, material-intensiveness, and energy-intensiveness, as well as improving the quality of the output being produced. The bonuses can be

decreased or completely abrogated if the operational indicators become worse;

--bonus payments for workers holding down two jobs (duties) without the need to obtain approval of the list of combined jobs by higher-ranking organs;

--salary rates of highly skilled workers employed on particularly important and responsible projects amounting to as much as 230 rubles a month.

As may be seen from the schematic diagram below, the principal sources of savings from the wage fund in the association have been increasing the technological level of production, improving the labor organization, and reducing the number of employees. Economies have been achieved as a result of carrying out the program of organizational measures planned for the first quarter. Such work will be continued in the association during the course of the entire year.



The change in the production structure reduced somewhat the total savings which occurred during the first three months. Why was this so? Today the work of Metallistas, like that of the other associations under this republic's Ministry of Light Industry, is determined, to a decisive degree, by requisition orders from trade, by consumer demand. And this requires a quick reaction on the part of production, an ability to respond effectively to emerging demands and to re-structure operations to turn out new products. That it was happened in the case of the group at this association.

However, such a re-structuring entails certain additional outlays. It was the latter which had an effect when the time came to total up the quarterly results. The association considers that such a situation in no way contradicts the goals and tasks of the experiment. On the contrary, the procedure which has been adopted impells us to seek out even more actively reserves for

reducing production outlays, and it makes the savings obtained from the wage fund truly earned.

In utilizing the savings within the association, particular attention was accorded to the establishment of bonus payments to be added to the wage rates and salaries of highly skilled workers, as well as supplementary payments to the salaries of the engineers and technicians, on whom depends, to the highest degree the operative re-tooling of production to turn out new items. Moreover, the re-tooling was economical, with the least possible outlays of labor and material resources. Bonuses and supplementary payments were received by fitters, tool makers, technologists, and specialists in the association's key services.

It might seem that insufficient sums were allocated for establishing bonus payments for persons holding down two jobs. However, even prior to the beginning of the experiment a sum quite considerable for the scale of this association--7,600 rubles--was allocated for this purpose. Taking this into account, the total magnitude of the supplementary payments for holding down two jobs is sufficiently high. Furthermore, this work is being conducted continuously and provides steadily increasing results.

#### Formation and Use of the Material-Incentives Fund in the Metallistas Association

In the production associations of the LSSR Ministry of Local Industry the sizes of the materials-incentives fund depend on the end results of production and on increasing its efficiency.

How is this achieved? Above all, by the fact that the FMP [material-incentives fund] is formed from its base size and deductions in accordance with the established norms for each percentage (point) of growth in profits, as compared with the base year.

Thus, the FMP of the Metallistas Association in the base year of 1983 was equal to 229,000 rubles. The increase in the fund for each percentage point of increase in profits for the 1984 plan, as compared with the base year, amounted to a total of 13.1 percent, that is, to 30,000 rubles. Thus, the plan size of the FMP for the current year of this association is 259,000 rubles, including 66,000 rubles for the first quarter.

With respect to the work results of the past three months, the total grew even more because the conditions of the experiment provide for an increase (or, conversely, a decrease) in the FMP, depending upon the results achieved by the group. Thus, additional deductions contributed to the FMP have been made in the amount of 15 percent of the mark-ups to the prices on the products of Index N. In accordance with this article, the association's FMP during the first quarter received an additional amount totaling 2,000 rubles. Another 8,000 rubles came into the fund for increasing the output of consumer goods belonging to the highest quality category.

Taking all the additional payments into account, 76,000 rubles were actually deducted and contributed to the association's FMP during the first quarter. Moreover, the association still had at its disposal a total of 51,000 rubles held over from 1983.

The schematic diagram shown below testifies to the use of the FMP during the first quarter.

Use of the Material-Incentive Fund during  
the First Quarter of 1984

Bonuses awarded for fulfilling and over-fulfilling the plan in accordance with the established system for awarding bonuses--69,400 rubles

Awarding bonuses to the winners of intra-plant socialist competition--8,800 rubles

Pay-out of awards for over-all work results in accordance with the results of 1983--40,000 rubles

Rendering of one-time aid to employees--1,900 rubles

Reserves--17,000 rubles

Use of the Integrated Fund for the Development of Science and Technology in  
the Metallistas Association

The economic experiment has granted associations of the LSSR local industry the right to independently conduct scientific-research and planning-design projects, directed at improving the quality of items being produced. For this purpose, the Ministry of Local Industry has allocated a portion of the monies of the integrated fund for the development of science and technology to individual associations to dispose of as they wish.

For 1984 the Metallistas Association has been allocated 117,000 rubles from the integrated fund for the development of science and technology. Here are the kinds of purposes for which these monies are being spent (See schematic diagram below).

Use of the Integrated Fund for the Development  
of Science and Technology in 1984

Outlays on design and technological projects  
--17,000 rubles

Outlays connected with the preparation and development of production of new and modernized types of products--79,000 rubles

Outlays connected with the development and introduction of new equipment--21,000 rubles



In implementing the rights granted by the experiment, the association has outlined plans to spend 17,000 rubles during the current year for planning-and-design projects. Metallistas has concluded an agreement to develop the technology and blueprints of a plant for purifying the water used in production.

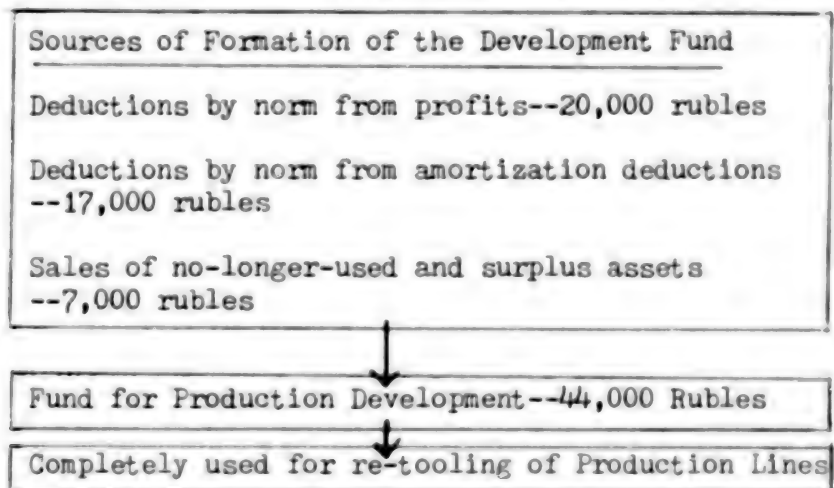
The largest sum--79,000 rubles--has been earmarked for carrying out measures connected with the preparation and development of the output of new items. During the first quarter 42,000 rubles from the integrated fund for the development of science and technology were already spent for this purpose. Such a solution was fully justified. Because, of course, the effective renewal of output in accordance with the requirements of trade is one of the main conditions for the successful operation of the association under the conditions of the experiment

#### Formation and Use of the Fund for Production Development at the Metallistas Association

In order to improve the utilization of production potential, as well as to expand the rights and possibilities of Lithuania's local industrial associations with respect to re-tooling of fixed capital assets by means of their own monies, they have been granted complete independence in their use of the fund for production development.

The republic's Ministry of Local Industry has established for its sub-departmental associations norms for the formation of the fund for production development, taking into consideration the degree of obsolescence of the fixed capital assets and the need for monies for their modernization and re-tooling.

The following schematic diagram testifies as to how the fund for production development is formed in the Metallistas Association and to what purposes its monies were expended during the first quarter of the present year.



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## PERSONAL INCOME AND SAVINGS

### FIGURES ON GROWTH IN SOVIET LIVING STANDARDS FROM 1978 TO 1983

Moscow VESTNIK STATISTIKI in Russian No 2, Feb 84 pp 66-68

[Article: "From Elections to Elections"]

[Excerpt] The amount of the national income utilized for consumption and accumulation from 1979 to 1983 was greater than during the previous five years by 360 billion rubles (in comparable prices) or by 19 percent. As is known, three-fourths of the national income in our country is employed for consumption, and, taking housing and socio-cultural construction outlays into account, four-fifths of the national income is channeled directly into the people's well-being. From 1979 to 1983 this sum-total increased by 313 billion rubles, as compared with the 1974--1978 period.

The party's extremely important position with regard to ensuring outstripping growth rates in the production of consumer goods (Group B industry) has been persistently implemented. From 1979 to 1983 some 156 billion rubles worth, or 21 percent, more consumer goods (products of Group B industries) were produced than during the corresponding previous period.

There has been steady growth in the real incomes of the Soviet people, the average wages of workers and office employees, as well as the labor payments of kolkhoz members. In comparison with 1978, real per capita incomes rose by 13 percent in 1983.

Pay-outs and privileges from the public consumption funds constitute a substantial addition to the family budgets of Soviet people. Suffice it to say that during the years 1979--1983 these payments amounted to 612.6 billion rubles. Since they are channeled into the development of education, social security and social insurance, as well as into the maintenance of the housing stock (that portion not covered by the low apartment rents), these funds exert a substantial influence on the growth of the real incomes of all social strata of the Soviet people. Thus, for example, the average monthly wage of workers and office employees, taking into account pay-outs and privileges from the public consumption funds, amounted to 254 rubles in 1983.

Housing construction is being carried out on a wide scale in our country. Despite the fact that approximately four-fifths of the urban population is already living in individual apartments, this problem is still being accorded serious attention. From 1979 to 1983 apartment houses with a total area of 531 million m<sup>2</sup> (about 10 million apartments) were put into operation, and almost

Table 2

## Growth of Material Well-Being and Rise in Cultural Level of Soviet People

	1978	1983	1983 as % of 1978
Average monthly monetary wage of workers and office employees, in rubles . . . . .	160	182	114
Average monthly wage of workers and office employees with addition of pay-outs and privileges from public consumption funds, in rubles . . . . .	219	254	115.7
Average monthly labor payment to kolkhoz members in socialized farming at kolkhozes, in rubles . . . . .	109.5	138	126
Pay-outs and privileges received by the population from public consumption funds:			
total, in billions of rubles . . . . .	105.5	134.5	127.4
per capita, in rubles . . . . .	404	495	122.5
From the total pay-outs and privileges expenditures on:			
social security and social insurance, in billions of rubles . . . . .	40.3	53.5	132.7
health care and physical culture, in billions of rubles . . . . .	15.5	19.5	125.8
Average provision of general (usable) space per urban dweller (at year's end), in m <sup>2</sup> . . . . .	12.8	13.7	107.0
Number of children in permanent pre-school institutions (at year's end), in millions . . . . .	13.2	15.5	118
Number of pupils in daytime general educational schools (at beginning of school year), in millions . . . . .	39.9	40.4*	101
Number of pupils in schools and groups with an extended day, in millions . . . . .	9.3	12.4*	133
Number of pupils in vocational-technical educational institutions (at year's beginning), in thousands . . . . .	3,503	3,775	107.7
including those in secondary schools . . . . .	1,875	2,325	124.0
Number of pupils in secondary specialized educational institutions (at beginning of school year), in thousands . . . . .	4,671	4,503*	96.4
Number of students in higher educational institutions (at beginning of school year), in thousands . . . . .	5,110	5,301*	103.7
Number of public libraries (at year's end), in thousands . . . . .	131	133.0	102
Book holdings in them, in billions of copies . . . . .	1.7	2.0	116



Table 2 (Continued)

	1978	1983	1983 as % of 1978
Number of physicians in all fields of specialization, in thousands . . . . .	929	1,103	118.8
Number of hospital beds, in thousands . . . . .	3,201	3,500	109.3

\* At the beginning of the 1983/84 school year

50 million Soviet people celebrated housewarmings. The past 5 years have witnessed the construction of more than 9,000 general-educational schools, pre-school institutions with 2.8 million openings, many hospitals, out-patient clinics, motion-picture theaters, clubs and houses of culture, combines for everyday services, and other socio-cultural type facilities in all regions of the country.

Trade and everyday services to the population have been further developed. In 1983, as compared with 1978, retail trade turnover increased by 17 percent, while the amount of everyday services to the population increased by almost 36 percent.

It is difficult to enumerate all the specific measures with regard to increasing the people's well-being which were implemented during the elapsed period; these include an increase in the labor payments of a number of categories of employees in certain sectors of the national economy, further improvement of the pension provisions for workers, office employees, and kolkhoz members, improvement of the material-everyday conditions for veterans of the Great Patriotic War, increased concern on the state's part for the rising generation, and a great deal else.

Of great social importance are the measures of the 11th Five-Year Plan with regard to strengthening state aid to families having children. Since 1981 state subsidies to single mothers have been increased, an additional 3-day paid leave has been introduced for working women who have two or more children under 12 years of age, as well as unpaid leave extending for as long as two weeks in order to care for children upon agreement with the supervisory administration. November 1983 witnessed the introduction everywhere of a partially paid leave to take care of a children less than one year old, additional leave without pay until the child reaches the age of one and one-half, and payment by the state of a one-time grant in case a baby is born.

Additional privileges have been introduced with regard to obtaining travel passes to Pioneer Camps--half of the travel pass is granted free, and the remaining portion--with a payment of 20 percent of the cost. There has been an increase in the norms of food-service expenditures in children's homes, boarding schools, and other boarding institutions.

Since 1 September of last year all pupils at general-educational schools have been provided with text-books free of charge.

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## PERSONAL INCOME AND SAVINGS

### EARLY STATISTICAL RESEARCH ON FAMILY INCOME, EXPENDITURES VIEWED

Moscow VESTNIK STATISTIKI in Russian No 2, Feb 84 pp 69-72

[Article by D. Dumnov, chief of the Department of Budgetary Statistics, USSR Central Statistical Administration, candidate of economic sciences, and I. Dmitrichev, senior economist of the Department of Budgetary Statistics, USSR Central Statistical Administration: "From the History of Surveys on Family Budgets"]

[Text] Russian statisticians of the Pre-Revolutionary period performed a meritorious service in working out and practically applying the sampling method in studying the family budgets of peasant households and those of industrial workers.

A special niche in the development of the statistics of peasant households during the Pre-Revolutionary period belongs to the zemstvos [land councils], which, as organs of local self-government, were motivated to collect statistical information describing the economy of the guberniyas [provinces] and the everyday lives of their populations. The zemstvo statisticians for the first time in world practice applied the method of mechanical sampling for the budgetary surveying of peasant households, and they developed a method of verifying it by means of comparing the data characterizing the sample and the general aggregate.

Sampling surveys of family budgets in Russia came into being because of the need to have detailed statistical information about the status of the peasant household, its income level, expenditures and consumption by the population. However, the numerous surveys which were undertaken by the zemstvo statisticians in various guberniyas were conducted in an uncoordinated manner, in accordance with diverse programs and based on differing methods.

During the period from the 1880's to 1918 data was collected in Russia on more than 11,500 peasant household budgets. Surveys were conducted in Voronezh, Kaluga, Perm, Vyatka, Khar'kov, and Tula guberniyas, as well as in the Trans-Baykal region.

During the Pre-Revolutionary years in Russia six one-time sampling surveys were carried out on the family budgets of industrial workers. As a result of these surveys, data was collected on more than 4,500 budgets, of which about 3,800 proved to be valid and were worked out. Surveys were run on the budgets

of Petersburg, Bogorodsk, and Seredsk textile-workers, Petersburg and Kiev factory-plant workers, and Baku petroleum-workers. The data received as a result of these surveys were published in a number of works.

The USSR Central Statistical Administration regularly conducts surveys of family budgets, the materials of which characterize the increase in the Soviet people's living standards. The information received as a result of these surveys is utilized for planning the development of the country's national economy, for working out measures with regard to raising the people's standard of living, and for carrying out other tasks stemming from the decisions of the 26th CPSU Congress and the ensuing Plenums of the CPSU Central Committee.

In this article two publications from those times are employed for purposes of analysis and comparison.\*

In A. Shingarev's book he describes the results of surveys done on the budgets of 161 peasant families from the villages of Novozhivotinno and Mokhovatka, Voronezh Guberniya, in 1900. The living standards of the peasants were extremely low and were characterized by crying needs. After being liberated from serfdom, the inhabitants of these two villages received 0.8 desyatinas [1 desyatina equals 2.7 acres] of land each, of which 0.14 desyatinas was arable. Therefore, many peasants were compelled to lease land from the landowners. Some 38 percent of the peasant farmsteads had no horses, 45 percent had no cows, and 24 percent had no cattle. The meagre monetary incomes of most peasants were swallowed up by numerous taxes and by high lease payments for land.

The peasants' food was extremely sparse; grain products were predominant in it. In 77 (48 percent) of the families surveyed no sugar was consumed, in 48 (30 percent)--no beef, in 40 (25 percent)--no mutton, in 88 (55 percent)--no pork, in 123 (76 percent)--no lard, in 59 (37 percent)--no milk, in 74 (46 percent)--no butter. The average daily food consumption did not exceed 2,250 calories. This testifies to the chronic malnutrition, particularly with respect to products of animal origin.

All the peasant families lived in crowded huts with straw roofs and dirt floors. There were almost no pieces of furniture or kitchen utensils; the people got by without bedding, using sacking, outer clothing, and straw. Clothes and footwear were primarily of their own making (homemade shirts, sarafans, and lapti [bast sandals]).

The cultural level of the peasants was extremely low. The number of literate persons amounted to only 9 percent, and in these two villages there was not a single person with a higher or a secondary education. Only one family in the two villages received a newspaper. The chronic malnutrition and unsanitary housing conditions caused widespread tuberculosis, trachoma, typhoid fever, rashes, etc. Frequently the mortality rate in these villages was higher than the birth rate, and it was especially high among children. "There, where in

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\* A. I. Shingarev, "Vymirayushchaya derevnya. Opyt sanitarno-ekonomicheskogo issledovaniya dvukh seleniy Voronezhskogo uyezda" [The Dying Village: A Sanitary-Economic Study of Two Villages in the Voronezh District], St. Petersburg, 1907. 2nd Edition; I. M. Shaposhnikov, "Eyudzhet rabochikh odnoy iz fabrik Bogorodskogo uyezda v svyazi s pitaniyem i zabolevayemost'yu" [Budget of Workers from a Factory in the Bogorodsk District in Connection with Nutrition and Disease Rate], Moscow, 1910.

five out of ten years the mortality rate exceeds the birth rate, where the average annual increase is only 3 per 1,000 living persons, there they are only one step away from dying out," A. Shingarev concludes. Seven years later, in the Foreword to the second edition of this book, he wrote: "As before, the population here is standing on the very brink..., after which its steady dying out will begin."

But now on the lands of the villages of Novozhivotinnoye and Mokhovatka, where the surveys of the family budgets were previously conducted, the million-ruble kolkhoz named "Rossiya" is situated. This is a multi-sectorial, technically well-equipped farm. There has also been a significant upsurge in the living standards of the peasants living in these villages; guaranteed labor payments have sharply increased the incomes of the kolkhoz members. Quantitative and qualitative changes in the structure of food consumption, as compared with the Pre-Revolutionary period, may be seen in Table 1 (figures given are for an annual average per family member--in kilograms).

Table 1

Food Products	Year			
	1900	1966	1982	1982 as a factor over 1900
Meat and meat products . . . . .	13.5	40.2	52.2	3.9
Whole milk . . . . .	80.7	180.5	161.5	2
Animal oil . . . . .	0.3	1.1	1.5	5
Eggs (per egg) . . . . .	26	208	265	10
Sugar . . . . .	0.3	30.9	44.1	147
Fish and fish products . . . . .	2.4	10.8	18.4	7.7
Vegetable oil . . . . .	0.9	2.1	2.9	6.8
Potatoes . . . . .	85.6	163.9	127.0	1.5
Cucumbers, tomatoes . . . . .	1.0	41.5	29.8	30
Grain products . . . . .	222.0	147.8	104.6	47 %

According to the data of family budgets of the inhabitants of the villages of Novozhivotinnoye and Mokhovatka, the calorific value of the food products consumed of animal origin had increased in 1982 more than three-fold, as compared with the Pre-Revolutionary period.

On the average, the aggregate income of a kolkhoz member's family in 1982 amounted to 4,700 rubles, or 1,750 rubles per family-member. Herein the monetary income from the kolkhoz comprised 43 percent of the total income; wages of family members employed at state enterprises and in institutions--11 percent, pensions and aid amounts--9 percent, income from private, auxiliary farming--35 percent. Most of the families provide themselves with many food products by means of private, auxiliary farming, and they sell their surplus farm products to the state and on the kolkhoz market.



The housing conditions have likewise changed considerably. The kolkhoz members live in well-designed houses, built of brick and stone, and roofed over with slate and iron. On the average, the living space amounts to 60 m<sup>2</sup> per family, or 14 m<sup>2</sup> for each person. The houses have electricity, gas, radios, and, in many cases, central heating as well. Almost all the families in these villages have television sets; two-thirds of the families have refrigerators, radio sets, washing machines, and sewing machines; many families have automobiles and motorcycles. On the average, each family annually purchases more than 20 m of fabrics, 11 pairs of shoes, and expenditures on ready-made clothing are increasing. All the families surveyed subscribe to newspapers and journals, and many families have personal libraries.

The growth of incomes has led to significant changes in the structure of family expenditures. On the average, the families in these villages spend 29 percent of their budgets on the purchase of foodstuffs, 34 percent--on non-food items, 1 percent on maintaining their houses and payments for community services, and 3 percent on expenditures for cultural-everyday needs.

Thanks to significant improvement in the living standards and in medical services, there has been a sharp reduction in the disease rate.

As may be seen from the cited data, A. Shingarev's forecast concerning the future of the villages of Novozhitinnoye and Mokhovatka, which he, in fact, extended to all Russian villages, did not turn out that way. The data which he cited from the surveys of the family budgets were well known at that time, and there were no doubts as to their validity. The fate of the dying villages was radically altered by the Great October Socialist Revolution.

Poverty, hunger, diseases, and poor housing conditions were the constant companions of the overwhelming majority of workers' families (as also those of peasants). I. Shaposhnikov, who was employed for many years as a physician at the Glukhovskaya Textile Mill, in 1909 made a survey of 241 family budgets of workers at this weaving mill, along with those of 83 solitary persons. He encountered great difficulties in carrying out this survey. Because of the low literacy level among the workers and a number of other factors, the families surveyed were not the typical ones but rather those from whom replies could be obtained to the questions which were posed. The budgets of workers with various occupations were surveyed in approximately an equal ratio with the total number of workers in this group. As I. Shaposhnikov wrote, the workers were compelled to spend the predominant share of their incomes (98 percent) "on maintaining their physical existence." On the average, the monthly wage amounted to the following: for men--18.7 rubles, for women--12.1 rubles, while the average annual income per family member was equal to 90 rubles, or 25 kopecks a day. And the wages, which were poor enough even without this, were substantially reduced by means of numerous taxes, fines, and extortions. Most of the families were not able to get out of debt for years.

The principal expenditures in a family budget were payment for food--57 percent, housing, heat, and light--15 percent; less than 10 percent was left for the purchase of clothing, underwear, footwear; and 18 percent went for miscellaneous expenses.

In 1909 the consumption per family-member was as follows (in kilograms per year): meat and meat products--12.7, milk and dairy products (in milk equivalent)--53, eggs--8 eggs, fish--2, sugar--4.2, vegetable oil--10, potatoes--86, vegetables--28, grain products, flour, groats--136. In the families which were surveyed practically no animals oil or fruits were consumed. With regard to caloric value, the nutrition was clearly insufficient for a normal existence.

The extremely meager nutrition of the workers' families was constantly being worsened as a result of increasing high prices for foodstuffs and increases in the payments for housing. I. Shaposhnikov wrote as follows: "...we find quite a few families where meat is not purchased at all or is purchased only for Easter; despite this they end up the year in debt to the store." The workers' food consisted primarily of products of plant origin.

Outer-wear was obtained very infrequently by the workers and with great care. Furniture and objects for domestic use were also purchased very rarely.

All these expenditures were necessary in order to maintain physical existence; they swallowed up almost all the workers' budget, leaving only a small amount for the satisfaction of other needs.

Expenditures for the purchase of books, journals, and newspapers were insignificant--amounting to 41 kopecks per person per year, or 0.5 percent of the workers' budget; in poor families these expenditures were simply not made at all. The subscription to or purchases of newspapers was encountered extremely rarely in the workers' families; sometimes newspapers were purchased by workers pooling their resources. Only three families out of those surveyed subscribed to one newspaper each, and one family had a subscription to the journal NIVA. Most of the workers' families could not get out of debt for years. The expenditures of most of the families, particularly those with many children, exceeded their incomes. In connection with this, I. Shaposhnikov wrote as follows: "The living conditions are such that a worker's family cannot avoid running a deficit; in order to avoid this, a worker's family must either have no children or have no more than one child; with a further increase in the family, there is a worsening of the living conditions."

The distressing situation of the workers and their families was exacerbated by bad housing conditions.

At present the Glukhovskiy Cotton Combine in the city of Noginsk, located in the former Bogorodsk District, is one of the largest enterprises of its type in the world. There has been a considerable rise in the standard of living of the workers in this enterprise. As before, surveys of family budgets have been conducted here. In 1982 the aggregate family income amounted to 4,300 rubles, and the per capita amount came to 1600 rubles. Taking into account the value of education, medical services, and subsidies to maintain the housing stocks, the aggregate income amounted to more than 5,000 rubles.

The consumption of food products by the families of workers at the Glukhovskiy Combine, as compared with the Pre-Revolutionary period, are characterized by the data presented in Table 2 (on an average for a family-member per year--in kilograms).



Table 2

Food Products	Year			
	1909	1966	1982	1982 as a factor of 1909
Meat and meat products . . . . .	12.7	59.7	86.6	6.8
Milk and dairy products . . . . .	53	299	348	6.6
including cream . . . . .	--	6.1	7.1	--
Eggs (per egg) . . . . .	8	239	304	38
Sugar . . . . .	4.2	37.9	37.0	8.8
Fish and fish products . . . . .	2.0	18.5	23.2	11.6
Vegetable oil. . . . .	10.1	7.0	7.2	71 %
Potatoes . . . . .	86.5	119.7	98.2	114 %
Vegetables . . . . .	27.7	71.7	95.9	3.5
Fruits . . . . .	--	35.0	49.7	--
Grain products . . . . .	136.0	123.6	89.8	66 %

The caloric value of the food products consumed of animal origin during these years increased by more than 7-fold.

Thanks to a large amount of construction, the housing conditions of the combine's workers have improved. At present almost every worker's family has a television set and a radio; 80--90 percent of the families have refrigerators, washing machines, and sewing machines. Expenditures in paying for housing and community services have remained unchanged since 1928 and amount to 3 percent of a family's income, covering only one-third of the state's expenditures on housing maintenance.

Most of the families subscribe to several newspapers and journals each, as well as having their own personal libraries. If most of the families lived in debt prior to the Revolution, in 1982 the growth of deposits in savings banks for the family of a worker at the Glukhovskiy Combine had reached an average of 190 rubles.

Thus, the multi-faceted satisfaction of the continuously increasing material and spiritual needs of the Soviet people is the principal task of the party and the government, and all the measures being worked out in connection with are aimed primarily at raising the people's standard of living.

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## PERSONAL INCOME AND SAVINGS

### CONFERENCE ON PERSONAL INCOME STATISTICS REPORTED

Moscow VESTNIK STATISTIKI in Russian No 2, Feb 84 pp 73-75

[Article: "Conference on the Statistics of People's Budgets and Social Statistics"]

[Text] At the end of 1983 a conference was held in Moscow of the chiefs of the departments of population budgetary statistics and social statistics of the Central Statistical Administrations of the union republics, as well as the chiefs of the departments for the preparation and publication of statistical materials on the budgetary surveys of the republic computer centers of the union republic Central Statistical Administrations. This conference discussed the results of work and the tasks of the departments of population budgetary statistics and social statistics with regard to carrying out the measures stemming from the decisions of the 26th Congress of the CPSU, as well as those of the May and November (1982) and June (1983) Plenums of the CPSU Central Committees. Furthermore, consideration was accorded to the questions of organizing and conducting the upcoming one-time sampling survey of the incomes of workers, office employees, and kolkhoz members during September 1984 and the questionnaire survey of certain socio-economic factors in the formation and development of the family. Also discussed were problems of further improving the economic analysis of materials, increasing the representativeness and trustworthiness of data, and other questions.

The conference was opened by the deputy chief of the USSR Central Statistical Administration, V. GUR'YEV. He said that the collegium of the USSR Central Statistical Administration systematically hears reports concerning the work of the departments of budgetary statistics and social statistics. The development and implementation of a widespread program of social development and raising the people's standard of living constitute a characteristic trait of the present period. The materials of the upcoming one-time sampling survey of the population's incomes to be conducted in September 1984 will be utilized by the planning and management organs for planning the economic and social development of our country during the 12th Five-Year Plan.

The chief of the Department of Budgetary Statistics of the USSR Central Statistical Administration, D. DUMNOV, delivered a report on the results of the work of the departments of budgetary statistics of the union republic Central Statistical Administrations during the years 1982--1983 and the tasks for 1984--1985.

The economic work of the union republic Central Statistical Administrations on population budgetary statistics is directed at analyzing the process of closing the gap in the living standards of workers, office employees, and kolkhoz members, the dependence of the level of consumption of material goods and services on the size of the average per capita income and composition of the family, as well as on an analysis of the housing conditions of families, expanding the types and increasing the volume of services connected with lightening housework, satisfying the demand for consumer goods, the opinions of families on the operating schedules of enterprises and organizations providing service to the public, budgeting time, and other questions characterizing the living standard and conditions of various social groups of the population. During recent years the data of current budgetary surveys on 62,000 families have been worked out, along with the data on family budgets in groupings by level of per capita aggregate income and a number of other socio-economic criteria. The data have been developed for the sampling survey of the incomes of 310,000 families taken during September 1981 and the data on the population's budgets of time, taken during March 1980. Sampling surveys have been taken throughout a network of family budgets, including questions on private, auxiliary farming, purchases of consumer goods, everyday services to the public, and the opinions of families concerning the operating schedules of enterprises and organizations serving the public.

The work of certain union republic Central Statistical Administrations was characterized with regard to the economic analysis of the data, checking out their representativeness and trustworthiness, as well as mass-explanatory work.

The foremost economist of the Budgetary Statistics Department of the USSR Central Statistical Administration, I. OSIPOVA, delivered a report entitled "On the Representativeness of the Sample of Families of Workers, Office Employees, and Kolkhoz Members." The trustworthiness of the data of a survey of family budgets, she noted, depends, to a considerable extent, on the representativeness of the sample, since even reliable information obtained as a result of surveying families will not reflect reality if the representativeness of the sample is violated. Therefore, one of the basic tasks of population budgetary statistics is the constant monitoring control and verification of the representativeness of the sample with respect to the following fundamental indicators: average monthly wage, labor payment on the kolkhoz, number of man-days worked on the kolkhoz, head of livestock on the private, auxiliary farm, composition of the family, etc.

"On the One-Time Sampling Survey of the Incomes of Workers, Office Employees, and Kolkhoz Members during September 1984" was the subject of the report by D. DUMNOV. In the light of solving social problems, a large role belongs to the statistics of family budgets. Sampling surveys of the incomes of the population, the speaker noted, have become a solid part of the operational practice of the statistical organs; the 1984 survey will be the seventh in number. Every regular survey is a further step in improving the programs of statistical observation in the area of studying the questions of the people's well-being. While retaining the basic indicators in all the programs of surveying the incomes of the population, there are characteristics stemming from the specific economic and social tasks of the given planning period.

The data from this sampling survey, which is conducted once every 3 years, are widely used by the managerial and planning organs in working out measures for raising the living standards of the population, as well as in calculating the means required to carry them out. Thus, for example, the materials of the analogous surveys for 1978 and 1981 were used in developing measures for improving the people's well-being during the 11th Five-Year Plan.

In accordance with the task of the sampling survey, a program is being worked out for processing the data on a computer with extensive utilization of the method of grouping the families by a series of socio-economic criteria. It will allow us to furnish a well-developed characterization of the level of well-being of families by different social groups of the population and types of families, depending on their composition. The statistical information concerning the formation of family incomes, the distribution of the population by level of material prosperity, and other materials of the survey will be of great practical importance not only for the USSR as a whole but also for individual regions of the country. The program provides for the processing of all the data of the survey by union republics, economic regions, oblasts, krais, and ASSR's. Most of the tables will also be worked out for urban and rural localities, and this is extremely important for an analysis of the closing of the gap between the living standards of the urban and the rural populations. It is necessary to ensure the completeness and trustworthiness of the data in conducting the survey. This is particularly important with the small volumes of the sample. Developing the materials of the sampling survey will be done in a centralized manner in accordance with the schedule plan for development and introduction of the USSR Central Statistical Administration Main Computer Center system (kompleks). Development of the survey materials must be finished in May 1985.

Along with the one-time sampling survey of the incomes of workers, office employees, and kolkhoz members for September 1984, a one-time sampling questionnaire survey of young families is being conducted. Senior economist of the Department of Social Statistics of the USSR Central Statistical Administration, T. NOZDRINA, talked about the organization, conduct and processing program of this survey.

Among the basic trends of the USSR's economic and social development for 1981--1985 and for the period until 1990 one of the principal ones put forth is that of conducting an effective demographic policy, facilitating the consolidation of the family as the most important nucleus of the socialist society. Discovery of the factors influencing the formation and development of the young family is the goal of the given survey. The speaker noted that the program for processing the survey data on the computers provides for obtaining information regarding the number, composition, and structure of young families, their incomes, housing conditions, ownership of objects of cultural-everyday types, etc., taking into account the various types of family (by composition, number of children, duration of family life, age, education, and social groups of the spouses). Processing the data will be carried out by union republics.

Delivering a report on the operational tasks of the departments of social statistics of the Central Statistical Administrations of the union republics for the years 1984--1985 and the operational results for the period 1982--1983 was the chief of the Department of Social Statistics of the USSR Central Statistical



Administration, N. SHUBINA. She reported that the departments were concentrating their attention on providing a comprehensive analysis of progress in carrying out the program of social development outlined by the 26th CPSU Congress and aimed at increasing the people's well-being, as well as perfecting the social structure of the developed socialist society, and other questions connected with the development of the socialist way of life.

The speaker emphasized that one of the most important sectors of the work is monitoring the progress in carrying out the decrees of the party and the government. In order to ensure increased depth of analysis of the phenomena being studied, particular place is occupied by a study of the population's opinion in the conduct of special sampling surveys.

The June (1983) Plenum of the CPSU Central Committee brought about the necessity for improving work in the area of social statistics in the direction of improving the system of social statistics indicators, raising the level of economic work, as well as continuing the work previously conducted by the department with regard to studying the organization of socialist competition. A number of complex problems in the field of methodological work still remain to be solved.

An instructive report on the program for the sampling survey of population incomes was presented by the deputy chief of the Department of Budgetary Statistics of the USSR Central Statistical Administration, N. BELOVA, who talked about each question on the questionnaire of the upcoming survey, as well as about certain changes in its program, about the characteristic errors which had been permitted in the previous surveys in filling out, monitoring, and coding the questionnaires. She also delivered a report entitled "On a Survey of the Budgets of Families of Workers, Office Employees, Using Form No. 1 ('The Family Budget')," in which she drew the attention of the conference participants to the fact that, beginning in 1984, the surveying of family budgets will be conducted in accordance with the altered Form No. 1, and to certain characteristics of the new form. She also talked about the sampling surveys upcoming in 1983--1984 of families of workers, office employees, and kolkhos members, dealing with certain questions.

Directions as to the questions of forming the sample for the one-time sampling survey of the incomes of families of workers, office employees, kolkhos members, and pensioners to be conducted in September 1984 were delivered by the leading economists of the Department of Budgetary Statistics of the USSR Central Statistical Administration, L. TsYMBAL and S. ABALMASOVA.

The deputy chief of the Department for the Preparation and Publication of Statistical Materials on the Population's Budgets of the GVTs [Main Computer Center] of the USSR Central Statistical Administration, M. RYZHOVA, reported on the tasks of the departments for the preparation and publication of statistical materials on budgetary surveys with regard to ensuring the trustworthiness of the data.

Speaking at the conference, the chiefs of the departments of budgetary statistics of various Central Statistical Administrations, the RSFSR--A. PARFENOVA, the Ukrainian SSR--T. MIGAY, the Moldavian SSR--F. POPOVICH, the Estonian SSR--I. KHELLERMA, shared their operational experience in preparing and conducting

the previous sampling survey on the incomes of the population, processing the data of this survey and of the current budgetary surveys on computers, regarding the economic analysis of the data, questions of improving the representativeness of the sample, verifying the reliability of the data, and conducting mass-explanatory work among the families being surveyed.

Information on organizing and conducting a one-time sampling survey of the availability to rural populated points of enterprises and institutions in the service field was provided by the deputy chief of the Department of Social Statistics of the USSR Central Statistical Administration, L. VORONTSOVA, on keeping track of youths who have graduated from daytime, secondary, general-educational schools, as of 1 December 1983--in accordance with Form TM--by senior economist of the Department of Social Statistics of the USSR Central Statistical Administration, Ye. POZHIDAYEVA, on a one-time sampling survey of vocational guidance for 10th (11th)-grade pupils in the daytime general-educational, rural schools--by chief economist of the Department of Social Statistics of the USSR Central Statistical Administration, Z. KUZNETSOVA.

The characteristics of the program for processing the materials from the survey of the vocational guidance of rural youth were discussed by senior economist of the Department of Social Statistics of the USSR Central Statistical Administration, T. NOZDRINA.

Also discussed at the conference was the question of improving the economic work of the departments of social statistics. A report on this topic was delivered by a leading economist of the Department of Social Statistics of the USSR Central Statistical Administration, I. ARTEM'YEVA.

In summing up the results of the conference, the deputy chief of the USSR Central Statistical Administration, V. Gur'yev, expressed confidence that the departments of budgetary statistics and social statistics will carry out with honor the tasks assigned to them with regard to improving their work, carrying out the measures stemming from the decisions of the 26th CPSU Congress and the ensuing Plenums of the CPSU Central Committee, and that they will successfully conduct the upcoming sampling survey of the incomes of the population, as well as the other sampling surveys characterizing the living standard and conditions of the population.

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## FOOD PROCESSING AND DISTRIBUTION

### LEIN ON FOOD INDUSTRY, ORGANIZATION OF AGROINDUSTRIAL SECTOR

Moscow EKONOMIKA SEL'SKOGO KHOZYAYSTVA in Russian No 4, Apr 84 pp 21-27

[Article by USSR Minister of the Food Industry V. Lein: "Improve the Supply of Food Products to the Populace"]

[Text] The 26th Party Congress and the May (1982) CPSU Central Committee Plenum set the task to furnish all kinds of foods to the populace of the country in the shortest possible time, and to fundamentally improve the catering system by means of expanding the use of the most nutritious products. The speech of CPSU Central Committee General Secretary, Comrade K.U. Chernenko at the February (1984) CPSU Central Committee Plenum expressed with great conviction the concern of the party and the government for further raising the living standard of the Soviet people, for satisfying to the fullest all of their needs--and above all for food products.

In order to carry out this task, special attention is being devoted to developing the branches of the food industry. Thus, in the last 10 years, fixed production assets in the Ministry of the Food Industry [Minpishcheprom] have expanded by a factor of 1.6 and have reached the sum of 15.8 billion rubles. Thus, the more than three million personnel in the food industry have entered the 11th Five Year Plan backed by a mighty industrial and technical potential.

During the last three years, commodity production in Minpishcheprom was valued at 152.7 billion rubles (in the wholesale prices of the enterprises). In 1983, in comparison with 1980, its output increased by 12.4 per cent, as opposed to the planned 12.3 per cent. During this period labor productivity was increased by 12.1 per cent, as opposed to the planned increase of 10.8 per cent. The production plan for most kinds of products was fulfilled. Production of packaged products increased: margarine, by 22 per cent; vegetable oil by 12; macaroni products by 7 per cent; grape wine by 14; and refined sugar by 2 per cent. At the same time, due to the shortage of raw materials, the task of the five year plan for production of granulated beet sugar, as well as that for processing vegetable oil, was not completely fulfilled.

In spite of the extremely unfavorable weather conditions in many of the regions of the Ukraine, Kazakhstan and the Trans-Caucasus, in 1983 the nation's field workers raised significantly more grain crops, sugar beets, vegetables, potatoes and tobacco than in the previous year. This permitted

the collectives of our enterprises to produce more than 2.2 billion rubles worth of products than they had in 1982. From the harvest of 1983, in sugar alone there were more than 1.2 million tons processed than from the harvest of 1982. During the past year there were increases in the production of confectionary articles, margarine, vegetable oil, tea, nonalcoholic beverages and other food products. We notice that the proportion of high quality products in 1983 was 12.1 per cent, while the plan called for 11.2 per cent; in 1984 this indicator will reach 13.2 per cent.

In 1983 new types of articles with increased food value continued to be developed and introduced. There was much broader use of natural fruit, berry and vegetable materials as well as concentrated whey and secondary raw material resources (powdered fruits and vegetables, bread crumbs and others). The assortment of various products was expanded. There was increased production of: small loaves of bread, including rye bread; high-quality confectionary goods, especially chocolate and chocolate candies; and dietetic varieties of margarine, mayonnaise and many other products.

In the nation's agroindustrial complex, the USSR Ministry of the Food Industry has been given a clear task--to organize the execution of the Food Program in this branch on the basis of closely coordinating the processes of production, storage and industrial processing of agricultural products.

In accordance with the decisions of the May (1982) CPSU Central Committee Plenum, rayon, oblast, kray and republic (ASSR) agroindustrial associations have been established and are in operation in the country. They include nearly 2,000 associations and enterprises in the various branches of the food industry. At the same time, the leading production units of the production associations as well as those of its enterprises, are members of the RAPO [Rayon Agroindustrial Association] or the oblast APO [Agroindustrial Association] where they are situated. Thus, the Poltava production-agrarian association "Glavplodvinprom" in the Ukrainian SSR is a member of the oblast APO, and its six independent enterprises are members of the various RAPO's. The Frunze production association of the bakery industry of the Kirgiz SSR Minpishcheprom has become a part of the republic APK [Agroindustrial Complex], and six of its production units are members of the RAPO in their own localities, while one belongs to the oblast APO. In six rayons of Azerbaijan SSR RAPO's have been set up on the base of the production-agrarian associations of the viniculture industry, inasmuch as the main branch of specialization here is raising grapes.

Within the agroindustrial associations the work of the enterprises has been directed toward improving their mutual relations with the kolkhozes and sovkhozes; therefore, they have begun to solve more efficiently the problems associated with organizing the purchasing of raw materials and improving their quality, as well as problems of expanding and strengthening the material technical base. One example of successful cooperation is the combined operation of the sugar beet farms and the sugar plants in the Ukrainian SSR. Taking into consideration the prevailing weather conditions, the administrators of the RAPO's and the production-agrarian associations of the sugar industry have in many rayons coordinated the harvesting of



sugar beets, and centralized shipment to the plants. During the period of hot weather they have suspended the digging of the beets, so that they do not succumb to the heat and become spoiled. As a result, the sugar plants of the Ukrainian SSR gave the country an additional 250,000 tons of sugar.

Worthy of attention is the positive experience of cooperation of agriculture and the tea industry in the Georgian SSR. Today, RAPO's in the raw material zones of the Georgian SSR are making more efficient use of equipment capital investments and labor resources; they are doing a better job of organizing the work of the procurement enterprises, and are thereby achieving reductions in loss of raw materials. For example, Abashskiy Rayon in that same republic has concentrated a portion of the development funds for the rayon's enterprises and the fund for the development and consolidation of the sovkhozes in the APK. The funds thus created are utilized more wisely on the recommendation of the RAPO council, directing them for the development of agriculture and industry. In the Makharadzevskiy Rayon a plant for producing concentrated tea has been built from these funds. In a number of rayons they have completed construction of processing points (miniature factories) from kolkhoz resources, by attaching them to the largest tea leaf receiving stations.

The council of the Klimovsk RAPO in Bryansk Oblast has assigned certain raw material zones to the industrial enterprises, and has supported the expansion of planting a variety of potato which contains up to 18-20 per cent starch. By decision of the Bryansk Oblast APO all enterprises in the oblast which process potatoes have begun to receive spare parts and other resources from the system of Sel'khoztekhniki [Agricultural Equipment Association] along with the other farms in the oblast. With the cooperation of the RAPO, 12 stations have been set up in the rayons of the oblast for receiving and storing potatoes directly at the kolkhozes and sovkhozes.

Agricultural enterprises are rendering assistance in the organization of subsidiary farm plots at industrial enterprises. In turn, the enterprises of the Klimovsk production association of the glucose industry, in 1982, sent more than 100,000 tons of valuable feed to the cattle feeding stations of the Klimovsk RAPO. Additionally, in 1983 alone workers in the industry performed more than 1,500 man-days of work on the sovkhozes and kolkhozes of the rayon. The positive results of the participation of the associations and enterprises of the food industry in the RAPO's and other territorial APO's in various regions of the country confirm the effectiveness of the associations. Production cooperation should play an important role in fully supplying the food industry with high-quality raw materials.

Today the USSR Minpishcheprom receives nearly 20 per cent of the total volume of fruits and vegetables procured in the country, 80 per cent of the grapes, 95 per cent of the tea leaves, and 93 per cent of the raw materials for volatile oils. In procurement of sugar beets and tobacco the ministry is the sole purchaser in the country. Purchases of agricultural raw materials received for industrial processing are still below the amounts planned. And the quality of the raw materials received for processing is still low. One of the reasons for the shortcomings in agricultural raw materials and their rather low quality is the disorderliness in the raw material procurement zones surrounding the processing enterprises and fact that the farms supplying the materials for processing do not practice scientific crop rotation.

In order to reduce losses and improve the quality of highly perishable agricultural products procured, the enterprises of Minpishcheprom USSR are increasingly receiving them right at the farms. However, reception at the places of production is being delayed because of the shortage of specialized motor transport, loading and unloading facilities, containers and other equipment.

In order to more fully supply the needs of the food industry with high-quality agricultural products, the production associations and enterprises of the ministry, together with the rayon, oblast and kray agroindustrial associations must carry out work on organizing the raw material zones. The interests of the matter require long-term assignment of kolkhozes and sovkhozes to enterprises of Minpishcheprom for supplying agricultural raw materials for processing. At the same time it is necessary to implement measures for increasing the level of concentration of the sowing of sugar beets in the rayons with a developed sugar industry, as well as the sowing of potatoes, sunflowers, volatile oil crops and tobacco, close to the processing enterprises.

There is great importance in the project for creating and introducing to production varieties of sugar beets with an increased sugar content, and with high processing qualities, and a variety of sunflower with higher oil content. These crops must be able to resist fungus diseases and pests. In 1982, in issue No 6 of the magazine EKONOMIKA SEL'SKOGO KHOZYAYSTVA, Academician P. Al'smik of VASKhNIL [All Union Academy of Agricultural Sciences imeni V.I. Lenin], and Candidates of Economic Sciences V. Valuyev and M. Sinel'nikov stated in their article, that the collective of BelNII [Belorussian Scientific Research Institute] for Raising Potatoes, Fruits and Vegetables is creating "...A variety of potato with a stable yield of 800-900 and more quintals per hectare, with a starch content of 27-28 per cent and 3-3.2 per cent protein," and they have promised to increase these indicators even more in the future. I believe that I express the common opinion of all the agricultural workers and those of the glucose plants, that we are anxiously waiting for these marvelous varieties to be put into production. At the same time, we request that Petr Ivanovich Al'smin describe the results of these valuable research projects in the pages of this magazine.

The USSR Minpishcheprom is an agroindustrial ministry. The agrarian sector of the ministry is represented by 1,418 special sovkhozes and sovkhoz-plants. These have been assigned 3.7 million hectares of land suitable for agriculture, of which 1.7 million hectares are cultivated, and 865,000 hectares consist of long-term plantations which include 654,000 hectares of vineyards, 197,000 hectares of orchards, and 12,000 acres for volatile oil crops.

In the system of Minpishcheprom USSR 105 production agroindustrial and scientific-production agroindustrial associations are in operation in the viniculture and wine-making, sugar-beet, volatile oil, tobacco, confectionary and other sectors of the food industry. In accordance with the general management scheme of the food industry, the aforementioned associations are the key elements in the management of the branch, and possess managerial as well as legal independence. At the same time, in every enterprise and

association there are well-developed combinations of production; that is, the combination in one enterprise or association of various branches of agriculture and industry, which represent either successive stages of production and processing of raw material, or one which plays an auxiliary role for the other: processing of secondary raw materials, manufacturing of boxes and packing materials, and so on.

Combining the production of agricultural raw material and its industrial processing is a biological necessity. The fact of the matter is that many kinds of highly-perishable agricultural raw materials which do not travel very well must be processed without delay. For example, the oil content in rose blossoms which yield volatile oil changes rapidly: rose blossoms gathered at 12:00 noon contain 30-40 per cent less and those gathered at 8:00 PM contain 65 per cent less oil than those gathered at 7:00 AM. Or take nutmeg sage: the greatest loss of its volatile oil is observed during the daylight hours, from 9:00 AM to 6:00 PM; during the hours of darkness and also in the early morning and evening hours, the evaporation of volatile oil is insignificant, and the amount in the raw material is much greater-- 0.19 per cent, as opposed to 0.12 per cent during daylight hours.

Sovkhozes, sovkhoz plants and production agrarian-industrial associations play a large role in supplying the enterprises of the food industry with the necessary materials, including the kinds of agricultural raw materials which are in short supply. Of the total amount of purchases by Minpishcheprom USSR in 1983, sovkhozes and sovkhoz plants furnished 70 per cent of the vegetables, 64 per cent of the fruits and berries, 69 per cent of the grapes, 65 per cent of the volatile oil crops, and 54 per cent of all the sugar beet seeds procured in the country.

In the three years of the 11th Five Year Plan the ministry's sovkhozes brought their average annual sales to the state of fruits and berries to 659,000 tons, which is 18 per cent more than in the 10th Five Year Plan. During that time grapes sales reached 3,190,000 tons or, correspondingly, 50 per cent more; volatile oil crops, up to 130,000 tons or 25 per cent more. Milk sales amounted to 806,000 tons, which is 10 per cent more; and 167,000 tons of cattle and fowl were sold, which is an increase of 4 per cent as compared with the average annual sales in the 10th Five Year Plan.

Gross production of agricultural products amounted to 2.6 billion rubles, and grew in comparison to the average annual level in the 10th Five Year Plan by 16.5 per cent. Labor productivity rose correspondingly by 8.4 per cent. During two years of the current five year plan the average annual profit in the sovkhozes amounted to 705 million rubles, or 19 per cent more than in the 10th Five Year Plan.

The Communist Party and the Soviet Government are doing everything necessary to establish like conditions for management. For this purpose new organs have been established for managing agroindustrial production, and purchase prices have been increased. However, in the sovkhozes and sovkhoz plants of Minpishcheprom, the old norms are still in effect. For example, of the total number of workers in the sovkhozes of the Ministry of Agriculture, the proportion of administrative personnel is 8.8 per cent; but in the sovkhozes of Minpishcheprom USSR, it is only 6.2 per cent even though the



intensiveness of production on our farms is significantly higher; and the respective deductions for social security are 4.4 and 14 per cent. The conditions are also unequal in making up for losses incurred as a result of natural disasters. The interests of the matter require dissemination of the statutes and the normatives which are in effect in the sovkhozes of the USSR Ministry of Agriculture and the USSR Ministry of the Fruit and Vegetable Industry, to the agricultural enterprises of Minpishcheprom USSR. Establishing equal normative conditions will permit speeding up improvements to the economic mechanism and increasing production efficiency.

Science has been given a great role in the realization of the USSR Food Program. Scientists and specialists at scientific research organizations of the food industry have been summoned to make an important contribution to the solution of the state's common problem--increasing the production of foodstuffs. The food industry possesses a significant scientific and technical potential. There are in the system of Minpishcheprom USSR 110 organizations of science and scientific services; of these 17 are scientific-production associations and 13 scientific-research institutes. More effective use of this potential will permit improving the work of the entire branch. The collectives of the production enterprises and associations are introducing to production the scientific projects on waste-free technology already completed.

The scientists of the branch institutes have been called upon to cooperate in the realization of programs for overall standardization, which envisage a coordinated increase in requirements for quality of production and expanded use of modern methods for quality control. A significant place has been given to further joint research projects with the Nutrition Institute of the USSR Academy of Medical Sciences and with a number of institutes of the USSR Academy of Sciences.

In order to speed up scientific-technical progress in the food industry, Minpishcheprom USSR has switched to programmed special-purpose planning of scientific-research and experimental design work. At the present time seven such programs are being implemented in the ministry's system.

In accordance with directives of the party and government on speeding up scientific-technical progress, normative methods for its optimal planning and financing have been put to wide practical use for the first time in the food industry. Work is being carried out on strengthening the experimental base, and for expanding production ties with scientific-research organizations of other ministries and departments.

In order to raise the technical level of the enterprises of the food industry, improve the quality of production and reduce the labor intensiveness of the production processes, Minpribor [Ministry of Instrument Making, Automation Equipment and Control Systems], upon orders from Minpishcheprom, has worked out a plan for assimilating production of instruments and automation equipment, and introducing them to the food enterprises. Approval has been given to a work program extending to 1990, for creating new ASU's [Automatic Control System] and improving those presently at the enterprises.



In the period of fulfilling the Food Program, special attention is being devoted to working out new and improving existing technological processes for producing biologically rich food products. A great deal of work is being conducted on raising the quality and expanding the assortment of production by means of enriching the raw material and the prepared products with proteins, amino acids, vitamins, and mineral substances. Automation and mechanization of production is being successfully introduced, as well as waste free technology.

Along with construction of new enterprises, we are devoting a great deal of attention to reconstruction and retooling of existing plants. Automatic plants and completely mechanized and automated shops are being created, which will promote a significant increase in labor productivity.

Work is continuing on increasing the intensiveness of production by means of introducing the latest achievements of science and technology, and on reducing the number of stages in industrial processing and the number of technological transitions. Transition is being made to an uninterrupted system of product output. Equipment is being created with higher unit capacities. The volume of scientific research and design projects is growing on all key problems of the development of the branch. Work is being expanded on thorough utilization of the raw materials in use and search for new "non-traditional" raw material resources, on improving quality and on expanding the assortment of products.

One should note that this is producing positive results. For example, in 1982 in the baking industry, production of bread, rolls and other baked goods using advanced technology reached 17.4 million tons (82 per cent of the total volume). Widespread use is being made of whey, proteins and vitamins. In the oil and fats industry a new model of a highly-productive press has been introduced, which has a capacity of processing 300 tons of oil-bearing seeds per day. For the first time in history, a production line is being assimilated for producing liquid margarine at the Moscow fat combine. This will permit organizing production of low-calorie and dietetic margarines.

A comprehensive scientific-technical program has been worked out for nine enterprises in Minpishcheprom USSR. Projects are under way for creating in the basic branches of the food industry base enterprises with a high degree of mechanization and automation. As the result of completing the programmed projects at these enterprises, it is envisaged that production will expand by a factor of 1.5-2.0; labor productivity will increase by 25-30 per cent; and savings of 4-10 per cent will accrue in the use of raw materials, supplies, fuel and energy. The projects which have been completed and which are being conducted under production conditions will be used in more than 100 enterprises.

Perfecting organization of production--use of overall mechanization and automation, furnishing the latest highly-effective equipment to production--will permit achieving high end results. For example, the introduction of two completely mechanized lines at Riga's Bakery No 7 for producing rye bread, for which there is great demand, permitted expanding production by

640 tons a year and providing 153,000 rubles growth in commodity production. The introduction of lines created by the Scientific Research Institute of the Confectionary Industry for production of praline types of candies made it possible to produce an effect of 176,300 rubles. Today more than 25,000 mechanized and automated lines are in operation in the industry.

Mechanization and automation of manual labor in the food industry is one of the main directions of scientific-technical progress and increasing labor productivity. In this direction Minpishcheprom USSR has accomplished a significant amount of work. Reduction of the amount of manual labor has been accomplished in all branches of the food industry. During the 10th Five Year Plan and two years of the current five-year plan, more than 95,000 persons have been freed from manual labor. A comprehensive plan for reducing manual labor has been worked out for the current five-year plan. Its completion will permit freeing 76,000 persons from manual labor and using them in other work. In 1985 the proportion of manual labor will be reduced to 40 per cent.

In order to reduce manual labor in the branches of the food industry, Minpishcheprom USSR is carrying out comprehensive mechanization and automation of basic production and is replacing obsolete equipment with new, highly productive automated equipment; it is implementing projects and measures for unitization of packages and introduction of packaging equipment; working out and introducing packing, packaging and package-forming machinery for mechanizing the final operations of the manufacturing process; mechanizing operations for processing raw materials, and for transporting them in bulk; and it is introducing specialized motor and rail transport.

The use of bulk storage technology and transfer of raw materials and semi-finished goods in the food industry is producing a great effect. This permits eliminating heavy manual labor for unloading flour in packages, weighing it and pouring it out. At the same time a significant number of workers is being freed (on the average, 3-4 persons at one installation), and spillage is being reduced. Mass introduction of warehouses for bulk storage of flour at existing and at newly constructed enterprises made it possible to increase the volume of bulk storage to 57 per cent of the total amount of flour used, as opposed to 28.7 per cent in 1975. By 1990, 1,700 bakery plants will be equipped with warehouses for bulk storage of flour, and the proportion of bulk transfers will reach 75.5 per cent.

The use of piling machines, tractor loaders, root crop harvesters and other equipment in the sugar industry in the 10th Five Year Plan alone permitted transferring about 9,000 persons from manual to mechanized labor. Further reduction of the amount of manual labor by means of constructing completely mechanized warehouses will permit freeing up to 20,000 persons from manual labor.

One highly effective method of mechanization and automation of loading and unloading, transport and warehouse work and reduction of manual labor is use of packet and containerized transfer of individually packaged freight. In the Utenskiy Beer Combine in Lithuanian SSR, and at the "Shvituris" Beer Combine, 70 per cent of the beer is delivered in containers. At the same time the amount of manual labor is reduced by 50-60 per cent.

In spite of certain achievements, the problem of reducing manual labor and replacing it with mechanized labor is still very acute in the food industry. One of the reasons which is delaying the development of mechanization of the production processes is the lack of highly-productive equipment in the industry: fork lifts and transporters; lack of equipment on the lines for mechanizing the initial and the final operations; lack of many kinds of shaping and packing machinery. Unfortunately, the machine-building ministry is not taking the measures required to develop and organize serial production of the kinds of equipment indicated.

In order to expand the assortment of product output, the USSR Ministry of the Food Industry is conducting work on assimilating new kinds of food products with increased food value by means of increasing the proportion of natural, fruit, berry and vegetable additives; utilizing extracts and essences of wild berries and other plants; and expanding the use of concentrated whey. This will permit increasing the food value of the articles by means of enriching them with vitamins, milk proteins and microelements, and economizing on basic raw material resources: sugar, whole milk products and flour. Thus, in 1983, the use of natural whey in the bread industry made it possible to reduce the amount of flour used in the bread baking branch by 62,000 tons.

Minpishcheprom USSR is devoting a great deal of attention to rationally balancing the nourishment of the population. For this purpose they are working out the principles for producing food products with reduced calories by virtue of reducing their sugar and fat content and replacing these with low-calorie components. In order to improve the quality and increase the output of products which are in great demand among the consumers, the following comprehensive standardization programs [PKS] have been worked out, approved and are being implemented: "Bread and Bakery Goods," "Confectionary Articles Made From Flour," and "Non-alcoholic Beverages." A PKS has commenced called "Sugar," and it is planned to work out a program for "Tea."

In order to improve the external appearance of goods, systematic work is being carried out for examining existing artistic designs and replacing the obsolete with new ones; for unification of the design of consumer goods, and above all food concentrates and confectionary articles. An exchange of progressive work experience is being carried out, and on the basis of its introduction they are creating new kinds of articles and are improving their artistic design.

At the enterprises, in the production and production-agrarian associations, on the state farms and subsidiary plots, and in the scientific research institutes of the branch, forms of competition are becoming more widespread under the slogan: "Maximum production of high quality from every ton of raw material!" The principal attention of the competitors is directed toward more fully using the intensive factors for growth of production, discovering and employing existing reserves and capabilities, and wide dissemination of progressive experience. There is a great deal of significance in the competition for agreements on cooperative labor of the enterprises of the food industry with the kolkhozes and sovkhoses on the one hand, and with the collectives of the transportation and processing enterprises on the other.

An integral part of the agreements on labor cooperation will be obligations to increase the volume of production, the marketability and quality of agricultural raw materials, as well as assuring its preservation upon purchase and transportation; more economical and rational use during processing and in the final analysis, increasing the output of finished products. It is necessary to improve production, economic and financial interrelations with all the partners in the complex. New forms of management and planning should be found, which subordinate all managerial and economic administrative activities to the achievement of high end results. The main indicator of the work of the food industry workers is assuring a stable, uninterrupted supply of high-quality and varied food products to the people. It is to this end that the efforts of the administrators and specialists, and all the workers in the branch are devoted.

In response to the decision of the December (1983) and February (1984) CPSU Central Committee Plenums, the workers of the food industry have taken on the obligation to implement production worth 51.5 billion rubles. In comparison with 1983, realization of production will amount to 102.5 per cent and growth in labor productivity, 101.9 per cent. The plan for producing granulated sugar from sugar beets will be fulfilled by 115 per cent; margarine production by 103 per cent; bread and baked goods, by 100.4 per cent; confectionary goods, by 100.8 per cent; and 2.2 billion rubles worth of perfume and cosmetic articles will be produced. This is 7 per cent more than was produced in 1983.

Widely developed socialist competition among the collectives and within them is providing quite good results. The plan for the first quarter on realization of production has been fulfilled to excess. Intensive work is going on to provide an increase in labor productivity of one per cent greater than planned, and reduction of production costs of 0.5 per cent. For the enterprises and associations of the ministry this signifies above-planned production of products in the amount of 395 million rubles, and reduction of production costs in the amount of 225 million rubles.

The laboring collectives of Minpishcheprom are successfully struggling to overfulfill their planned tasks established for 1984 and for the 11th Five Year Plan as a whole.

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## FOOD PROCESSING AND DISTRIBUTION

### PUDKOV ON MACHINEBUILDING FOR LIGHT, FOOD INDUSTRIES

Moscow PLANOVYE KHOZYAYSTVO in Russian No 4, Apr 84, pp 14-22

[Article by I. Pudkov, minister of Machinebuilding for Light and Food Industry and Household Appliances: "Urgent Problems in the Economics of Our Sector"]

[Text] At the December (1983) Plenum of the CPSU Central Committee the party and trade union organizations, as well as the labor groups were assigned the specific task of "ACHIEVING AN ABOVE-PLAN INCREASE OF LABOR PRODUCTIVITY, LET'S SAY, OF 1 PERCENT AND REDUCING PRODUCTION COSTS BY AN ADDITIONAL 0.5 PERCENT."

The groups at enterprises and associations under the jurisdiction of the Ministry of Machine Building for Light and Food Industry and Household Appliances, after thoroughly analyzing their own possibilities, outlined in their socialist pledges the achievement in 1984 an above-plan growth of labor productivity and a decrease of production costs. For example, the Biyskprod mash Production Association pledged to increase its labor productivity by 1.3 percent, while the Smelyanskiy Machine-Building Plant imeni 60th anniversary of the USSR pledged a 1.2-percent increase. For the ministry as a whole the implementation of the outlined pledges will allow the manufacture of an additional 32.5 million rubles worth of commercial output and a reduction of expenditures on production by 17 million rubles.

With respect to the nature of the pledges adopted, the production associations and enterprises can be broken down into three groups. In the first group, based on an analysis of the design and technology of the products being turned out, as well as the degree of satisfying the requirement of the national economy for technical equipment, complex electrical household appliances, and other items, specific measures have been outlined in order to improve the design of individual assemblies and parts from the viewpoint of lightening the weight and improving the technical coefficient of their production. In particular, measures are being adopted for expanding the products list and increasing the production volumes of parts being manufactured by the methods of powder metallurgy, precision casting, and forging. The cards for laying out the patterns have been revised for the purpose of increasing the coefficient of metal use. All this, as well as cutting down on the above-norm reserve supplies of materials and complete sets of items, makes it possible to ensure the above-plan

\* "Materialy Plenuma Tsentral'nogo Komiteta KPSS, 26--27 dekabrya 1983 goda" [Materials of the Plenum of the CPSU Central Committee, 26--27 December 1983], Moscow, Politizdat, 1983, p 10.

output of certain items, especially those in short supply by means of the above-plan reduction of their labor consumption and by the growth of their labor productivity. In turn, the reduction in material consumption and labor consumption for the product being turned out inevitably leads to a decrease in material and labor outlays and an over-all reduction of their production costs.

In the second group of enterprises pledges have been made which are directed at the above-plan production output (as in the first group) and an additional freeing up of industrial-production personnel.

In the third group of enterprises, where there are no possibilities for an above-plan production output, the task has been assigned of achieving an additional reduction of labor-consumption, and by means of this it is intended to ensure the carrying out of the plan volumes with a lesser number of workers than provided for by the plan.

In all production associations and at enterprises measures will be promulgated with regard to improving the organization of production and labor, including the further development of parts production and technological specialization of shops and sections; this, in turn, will provide us with the opportunity to expand the use of group processing of parts and the servicing of many machine tools. The effectiveness of these measures is achieved by means of extensive utilization and the optimum loading of machine tools with ChPU [Numerical Program Control], processing centers, automatic and semi-automatic machine tools, as well as universal assembly attachments.

As an example, let's consider the additional pledges made by the group at the Leningrad Machine-Building Association imeni K. Marx--the country's pilot association for planning and turning out aggregates for the production of chemical fibers. In 1984 this association plans to achieve 76,000 rubles of above-plan savings on basic wages, reduce material outlays by 10,000 rubles, and decrease amortization deductions by 55,000 rubles. Work will be continued on the brigade organization of labor, which encompasses 70 percent of the production workers, as well as on the introduction of brigade-type cost accounting. By means of registering the jobs and expanding the group processing of parts (it ought to comprise as much as 50 percent of the total labor consumption for producing the final output) there should be a nominal freeing up of 40 workers in excess of the plan. The association's group has further outlined plans to produce a unit for forming MF-40 1-sh lavsan [synthetic fiber similar to dacron] with a capacity of 40 tons per day (twice as productive as the analogous unit in operation at the present time). This unit will be delivered to the Mogilev Khimvolokno Association imeni V. I. Lenin.

Let's also dwell on the pledges made by the Odessa Prodmarsh Plant group, which is actively participating in the implementation of the USSR Food Program by delivering engineering equipment to enterprises of the USSR Ministry of Procurement. It is also intended here to carry out measures with regard to improving the structure and organizational forms of production. The complex, materials-intensive structure, with a numerous products list, for the production output dictates the necessity for using such a basic accounting unit as the complete machinery unit. Operational-production planning at the enterprise is conducted by the standardized-order method.

Moreover, the group has carried out a series of measures for improving the design of basic items, sharply increasing their productivity and decreasing their materials-intensiveness and labor-intensiveness.

For quite a long time now this plant has been producing PSTs-model horizontal scraper conveyors with a productivity of 25--100 tons per hour and a transportation length of 15--75 meters. Their output has reached 5,700 units a year. In toto (since the time of their development) more than 60,000 conveyors have been turned out; they are being used within the procurement system for agricultural raw materials and are supporting the operations of many mixed-feed plants, grain elevators, grain-receiving enterprises, and the like. Along with the increase in the production volumes of conveyors, there has been an increased shortage of spare parts for them, especially for the principal component--the traction chains. The plant has been compelled to begin manufacturing the latter (as much as 500 km a year).

At the present time the national economy's need for conveyors amounts to 6,000--8,000 units a year, while for traction chains it amounts to 1,000--1,300 km a year. In addition to this, we need conveyors with production capacities of 175, 350, and 500 tons per hour and with a transport length as much as 100 m; furthermore, the runs must be not merely horizontal. A demand has already been put forth to raise the degree of plant readiness, installed engineering capacity, reliability, long service life, suitability for repairs, automation, and improvement of operating conditions.

Because they understand the importance of solving this problem, the plant group created a new range of scraper conveyors with a production capacity of 50--500 tons per hour and a length of as much as 75 meters. In 1984 tests will be completed on the A9-UFTs-400 model conveyor with a production capacity of 350 tons per hour. Engineering preparations are being conducted for putting into production the B8-UTA conveyor, with a production capacity of 500 tons per hour. According to the specialists' calculations, the economic effect derived from introducing the series of new conveyors in the national economy will exceed 10 million rubles a year.

Knowing the results of testing the new range of conveyors, the customers are insisting on their immediate assimilation; this poses an extensive task--supplying them to all new construction projects, replacing all the conveyors now in operation, and guaranteeing them with reserves of spare parts. This means that the plant must significantly increase the number of conveyors being manufactured as well as bring the daily output of traction chains up to 5 km.

The new design of the conveyors is less labor-intensive and materials-intensive. Their output will ensure the above-plan reduction of production costs and an increase in labor productivity. In order to make the transition to their production, however, the plant urgently needs to modernize and construct specialized shops for manufacturing traction chains, conveyor sections using up-to-date robotics, machine tools with numerical program control, and the like. Unfortunately, the Ministry of Machine Building for Light and Food Industry and Household Appliances does not have its own organizations which could be entrusted with the task of developing and manufacturing assembly-mechanized, automated, and robotized lines for manufacturing such conveyors and traction chains.

Moreover, the Odessa Prodmarsh Plant has developed and turned over for serial production the K4-USA mobile grain-dryers, which were worked out by the plant's design department. They have come to replace the ZSFZh-8 grain-dryers, in comparison with which they have a number of advantages. By means of increasing the shaft length, while the over-all sizes remain unchanged, the productivity has been increased. The convenience of servicing the mechanisms has been provided, and cooling the grain after drying has been improved. Use of automatic equipment has allowed us to simplify servicing and guarantee the labor safety of the persons employed in drying grain.

The entire complex of design decisions used in creating the K4-USA grain-dryer has permitted us to increase their productivity from 8 to 10 tons per hour, while retaining the same over-all dimensions; we have also been able to reduce the amounts of the following indicators: diesel fuel consumption by 13 percent, electric power by 20 percent, and materials-intensiveness by 28 percent. The economic effect derived from introducing the K4-USA grain-dryer has amounted to 3,996.7 rubles per machine. In 1984 the production of these items will ensure an additional reduction in the proportional labor-intensiveness of the output being produced and a decrease in the expenditures laid out on its production.

The groups at enterprises producing complex electric household appliances have made pledges to manufacture, thanks to the above-plan growth of labor productivity and the decrease in the materials-intensiveness of the output produced, more than 6,600 refrigerators, 9,400 compressors, 28,000 electric vulcanizers in excess of the plan, and many other electrical household appliances.

The measures outlined above testify to the large amount of organizational work which is being conducted by the labor groups for the purpose of increasing the efficiency of social production.

The production of material goods with reduced outlays of live and embodied labor, i.e., with their lower production costs, constitutes an extremely important source for the growth of the national income, the consumption fund, the people's well-being, the country's industrial potential, and its defensive capability.

Under socialism one of the functions of society (in the person of the state administrative organs) is regulation (as well as monitoring the performance) of the optimum ratio between the growth rate of labor productivity and the average wage. A more rapid growth in labor productivity reflects savings in live labor, as measured in specific units, and it is a factor in reducing production costs. The practical solution of the above-indicated problem has encountered a great many difficulties, and it requires the working out of a number of theoretical and methodological questions.

Ensuring the optimum ratios between the growth rate of labor productivity and the average wage depends, in our opinion, primarily on the method used for calculating the level of labor productivity. With regard to machine building there are two basic methods. For small-series and individual production the calculation of labor productivity is carried out in summarizing units of measurement, which, as a rule, are expressed in monetary terms. For mass production, i.e., when the given labor group produces just one type of equipment, machinery, or instrument, the labor productivity can be determined in physical units of measurement--pieces.



However, inasmuch as the technical level of machine-building output is being subjected more and more often and to an ever-increasing degree to changes which affect its consumer value, the physical measurement units of labor productivity are becoming incommensurable without their appropriate adjustment. Thus, during the last 10 years looms have changed so much with regard to their productivity and other parameters characterizing their consumer value that the indicator of their monthly production in 1970 and in 1983 reflects practically nothing, unless the dynamics of the technical-economic parameters are taken into account. Therefore, standardized units of measurement must be used for commensurability in time. For this purpose, models of a given type of loom (equipment or instrument) are equated, in accordance with appropriate parameters, with a model chosen as a base with the aid of coefficients. Thus, if an automatic, shuttle-type loom is taken as a base, an up-to-date, pneumatic-type of loom can be evaluated with the aid of a coefficient of approximately 3.6. At the Klimovsk Machine-Building Plant imeni V. N. Doyenin in 1982 the monthly output per worker amounted to 0.125 of a pneumatic-type loom, while calculated for the shuttle-type looms--it came to 0.44 of a loom.

In machine building there are, in fact, no plants which manufacture only one type size of product, since, even under the conditions of mass production, an enterprise, along with its specialized product, is obliged by the plan to turn out a large list of spare parts, castings, and forgings on the side, as well as items of cultural-everyday and economic purposes, and miscellaneous output for ad hoc orders. Therefore, it is practically impossible to calculate labor productivity in physical terms, and at all machine-building plants (both in the plan and in the accounts) it is defined in monetary terms.

Use of the method of calculating labor productivity in monetary terms is also called for by the fact that, under present-day conditions, the need has arisen to revise the methodology for determining the effectiveness of specialization of machine-building enterprises. This is connected with the necessity for restructuring the specializations of most of them to turning out an expanded products list with the use of flexible engineering processes and appropriate forms of production organization.

The essence of the problem consists of the following. During the years of the country's industrialization, the first few five-year plans, as well as during the period of the national economy's restoration and development after the war, there was a need for a practically unlimited number of machine-building products. The capacities of the machine-building enterprises did not satisfy the demand of the national economy. Under the indicated conditions there was a justifiable tendency to curtail the list of the products being manufactured at one enterprise and to organize its assembly-line production. It was precisely the assembly-line, narrowly specialized production facility which provided the speeded-up production output necessary to the national economy with the minimal labor and material outlays under the given conditions.

Proceeding from these prerequisites, a methodology was developed for planning new enterprises and modernizing existing ones, wherein the basic principle of production organization, planning the engineering processes, and calculating the economic effectiveness was taken to be the achievement of a maximal subject specialization (the ideal was considered to be the output at an enterprise of

a single type size of product). In scientific works, instructions, and methodological handbooks production efficiency was evaluated solely by the production costs, to be obtained by the maximal specialization of production. Furthermore, unfortunately, nobody ever considered the expenditures connected with making the transition to turning out a modernized model or completely restructuring an enterprise to manufacture completely new equipment, which would require additional engineering operations or remakes.

The planning and construction of narrowly specialized enterprises has continued even at the present time. To an ever-greater degree, such enterprises are being subjected to quite tangible economic difficulties when confronted with the genuine need to rapidly convert to the production of a new and modernized item. Thus, in the early 1970's the plants under the Ministry of Machine Building for Light and Food Industry and Household Appliances which produce washing machines found themselves in an extremely complex situation in connection with the satisfaction of the public's demand for these machines. A number of enterprises had to re-structure themselves to produce other items. As a result, it was necessary to completely replace metal-working equipment, specialized fittings, instruments, and attachments, to assimilate completely new technical reprocessing and operations. They were confronted with the task of re-training most of the workers, as well as the engineers and technicians, and this is an extremely complicated and painful process.

Similar difficulties have been experienced by some enterprises engaged in producing certain brands of household refrigerators. In a very short time our industry was able to satisfy the public's initial demand for this product (the achieved supply, according to the calculations of the sectorial specialists, amounts to 100 refrigerators per 100 families). Now the public needs new models of refrigerators which would perform additional functions and thereby stimulate the consumers' desire to replace the ones they have at present with units which are still more convenient for further use. Such models are, for example, two-section refrigerators with a separate freezer compartment; freezers designed for the rapid freezing and long-term storage of fruits, berries, and other food products the storage of which in fresh-frozen form does not reduce their taste qualities. It would be feasible, for example, to think about the question of creating refrigerators with a built-in unit for rapidly unfreezing products, as well as other complex electrical household appliances which would provide a combination of long-term storage and the non-thermal preparation of food. Hence the following conclusion must be drawn: we need to plan and construct enterprises for producing not just one type size but a whole range of items (with a constructively based maximal coefficient of standardization of the block units and parts used in them) which are differentiated by their consumer characteristics and which satisfy differing tastes among the public.

The necessity for abandoning narrow specialization is also feasible for those enterprises of the sector engaged in manufacturing engineering equipment for fitting out factories and plants under construction or being modernized, as well as for replacing worn-out or obsolete machinery, machine tools, and units. This has been brought about by the fact that in those sectors which require equipment turned out by the Ministry of Machine Building for Light and Food Industry and Household Appliances (light, meat-and-dairy, food, grain-milling and grain elevators, printing, glass, and other sectors) use is made of a machinery system

(technological chains), ensuring the processing from raw materials to the output of the finished product. The above-mentioned machinery systems consist of a broad-based products list of machine tools and units which are produced primarily by enterprises of the Ministry of Machine Building for Light and Food Industry and Household Appliances and are only partially completed by equipment manufactured by other machine-building ministries or are obtained from CEMA member-countries.

Consumers legitimately demand from the machine builders more improved, highly productive engineering equipment, providing technology which seldom goes out of order, and the automation of production processes. Also needed to a greater degree is for the enterprises to be fitted out with equipment which eliminates manual operations, heavy and unattractive labor. The products list of machine tools, machines, and units within each system is growing, and this has led to a situation whereby, with each passing year, there is an increase in the number of brands and modifications of items being produced which are retained by the sector's associations and enterprises.

The workers under the Ministry of Machine Building for Light and Food Industry and Household Appliances have accepted the decree of the party and the government entitled "On Measures To Speed Up Scientific and Technical Progress in the National Economy" as a battle plan which should lead to a speed-up in the process of improving output, as well as the replacement of obsolete machinery and units.

From what has been set forth above one may draw the following conclusion: the concept of the economic profitability of the maximal narrowing down of production specialization, the ideal of which consists of enterprises manufacturing one type size of product, is not justifiable at the present time. It is necessary, therefore, that the planning machine-building institutes, in working out the plans of new as well as the modernization and re-tooling of existing machine-building enterprises, be oriented toward production lines turning out, in parallel fashion a range of type sizes and modified versions of a product.

This does not mean that one enterprise or production association should produce an entire machinery system. Such a volume is not always within the powers of even an All-Union industrial association. It seems feasible to orient enterprises to produce parts of a machinery system with a mandatory organization of the technological and parts specialization of the structural sub-divisions within them. This would create the possibility of utilizing flexible technological processes, the rapid re-setting of production facilities to manufacturing a new product with the minimal outlays of live and embodied labor. In other words, orientation toward the simultaneous output of a range of type sizes of machinery ensures a more effective fulfillment of the decisions of the CPSU Central Committee and the USSR Council of Ministers concerning the acceleration of scientific and technical progress.

What has been set forth above about the directions of improving the methods of production organization at machine-building enterprises (in the direction of expanding the products list) leads us to conclude that, under these conditions, the sole generalizing method for measuring labor productivity remains its monetary evaluation.



The measurement of labor productivity which has taken shape in monetary terms is necessary not only for calculating the dynamics of its growth at a given enterprise but also for comparing its level with respect to the enterprises of various sectors and sub-sectors. However, it is precisely the universality of the monetary measurement which requires a special approach to the methodology of determining labor productivity. The commonly accepted indicator of its level is the production output, as computed by proceeding from the volume of gross production, turned out during the period under analysis in wholesale comparable prices. But inasmuch as wholesale prices include material outlays or embodied labor, while labor productivity must measure the outlays of live labor, its calculation in the form of a portion of gross product is fraught with the sins of great inexactitudes.

With the growth of production cooperation, and as machine-building products are outfitted with complex and expensive sets of items, including electronic ones, the application of such a method of calculation distorts, to an increasingly greater degree, both the absolute level as well as the dynamics of labor productivity. As a result, there is an increasing incommensurability of this indicator with regard to the closely allied enterprises of a single sector, without even mentioning the enterprises of different sectors of industry. And, as a consequence, the ratio between the growth rate of labor productivity and that of the average wage has remained extremely tentative. In certain cases the dynamics of this ratio simply does not reflect the economic essence of the given problem.

In order to confirm what was said above, let's cite the following conventional example. In 1982 a plant turned out a (gross) product amounting to 50 million rubles worth, development amounted to 11,904 rubles worth, while material expenditures came to 16 million rubles. In 1983 the group at this same enterprise with the same number of industrial-production personnel produced an output totalling 52.5 million rubles, or 5 percent more, and material expenditures increased to 17.29 million rubles. Inasmuch as the number of industrial-production personnel remained unchanged, labor productivity, as computed by gross product, also grew by 5 percent, but if we take into account the change in material outlays (which permits us to reflect the genuine contribution made by the labor group to the output of a given volume of gross product), then it grew by only 3.56 percent.

For a more reliable determination of the level and the dynamics of the growth of labor productivity the Ministry of Machine Building for Light and Food Industry and Household Appliances has, for quite a long time now, been using the indicator of normative net output experimentally at a number of enterprises and associations. It is precisely the net output, as calculated according to stable norms, which, in our view, provides the possibility for objectively evaluating in material production the results achieved by a labor group in the component of the dynamics of labor productivity.

By 1 January 1984 the sector of machine building for light and food industry had completely switched to evaluating the fulfillment of production volumes and labor productivity in accordance with normative net output. Evaluation of the plan fulfillment in accordance with the basic products list of engineering equipment planned in monetary terms has also been carried out in normative net output.



During the years of the five-year plan which have expired there has been a steady growth in the sector of labor productivity; its average annual growth rate has amounted to 105.9 percent. The proportionate expenditure of wages has declined considerably; the norm of wages per ruble of output declined from 59.3 kopecks in 1980 to 51.45 kopecks in 1983, or by 13.2 percent.

The use of normative net output in planning and evaluating the fulfillment of the plan with respect to labor productivity has created an economic base for monitoring controls over the expenditure of the fund and the level of the average wage, inasmuch as, as already noted above, the influence of embodied labor has been excluded.

At the Ministry of Machine Building for Light and Food Industry and Household Appliances scientific research work is being conducted on discovering factors and determining the portion of their influence on the growth of labor productivity and the average wage. Mathematical ratios have been established between the growth rate of labor productivity and the mechanization and automation of production as a result of applying new engineering equipment, improving the engineering processes based on the existing equipment, its modernization, improving the design and technical characteristics, improving the quality of the output being produced, efficiency improvements in the utilization of raw and other materials, application of technology which seldom breaks down, perfecting the administration of labor and production; also pertinent here are increasing the norms and zones of servicing as well as changing the volumes of production and the products list of the items being turned out.

Studies are being conducted on determining the factors which influence the change in the magnitude of the average wage. But so far this work has not reached the stage of readiness which would allow us to fully utilize the development of the given indicator in planning. Moreover, inasmuch as the average wage includes all types of bonus awards (bonuses paid out of the material-incentives fund for fulfilling the basic technical-economic indicators of the work of the labor groups, for fulfilling the plans with regard to new equipment, etc.), as well as because the plan sums of the above-indicated funds are determined by joint decisions of the managements of the enterprises and the trade-union committees, the centralized regulation of the growth rate of the average wage has been extremely complicated.

In order to exert a centralized influence on the ratio of the labor-productivity growth rate to the average wage in the sector, a special directive was established with regard to the Ministry of Machine Building for Light and Food Industry and Household Appliances (1982) to the effect that enterprises in their draft plans for labor should outline the outstripping growth rate of labor productivity over the growth rate of the average wage. Implementation of the outlined positions in 1982 and 1983 led to a sharp reduction in the number of enterprises providing for an outstripping growth rate of the average wage.

A special place in examining the problem of the ratio of the average-wage growth rate to labor productivity is occupied by the question of observing the normative deadlines for developing the planned capacities of newly built enterprises. Operational experience in this sector has shown that at newly built enterprises during the period of developing the planned capacities, if this

process is not managed within the normative time periods, instances of the average-wage growth rate running ahead are inevitable. This negative phenomenon is caused by the fact that, in putting a new enterprise into operation, it is necessary already during the initial period of its functioning to recruit the personnel for the workshop and general-plant service. During the ensuing periods the growth in the number of the industrial-production personnel proceeds basically by means of increasing the number of basic workers whose average wage is much higher than the wages earned by those working in the auxiliary shops and services. When the planned capacities are not developed and the growth in production volumes is small (and, consequently, the labor productivity is also small), this leads to a more rapid growth in the average wage. Therefore, a procedure has been set up in this sector whereby, in order to regulate the process of developing the planned capacities, each instance of a violation of the normative deadlines for a newly constructed facility to reach its planned indicators is subject to a special review by the leading officials of the ministry.

As a result of the complex of measures adopted in the Ministry of Machine Building for Light and Food Industry and Household Appliances over the last few years there has not been a single case of an outstripping growth rate of the average wage for the sector as a whole. A significant annual decrease has been noted in the number of enterprises permitting an actual violation of these ratios.

In the problem of the ratio between the growth rate of wages and that of labor productivity there is still a very important but still unresolved question. If the qualitative aspect of this ratio--the outstripping growth rate of labor productivity--has been scientifically justified to a sufficient extent and causes no doubts among anybody, the quantitative aspect--the measure of the outstripping--requires solution. When the growth of the average wage per 1 percent of growth in labor productivity amounts to 0.1, 0.2...0.9, and even 0.99, all this signifies an outstripping growth on the part of labor productivity. But what is the optimal magnitude of this ratio? Unfortunately, economic science (in the person of the scientific-research institutes of the USSR Academy of Sciences and USSR Gosplan) up to now has not provided any well-founded solution to the problem of the ultimate ratio between the growth rates of the average wage and that of labor productivity; nor has it created factored models for constructing such ratios with their differentiations by sectors of the national economy.

The calculations which have been made by this sector's specialists on the economic effect to be derived from introducing the new equipment subject to development and output by the Ministry of Machine Building for Light and Food Industry and Household Appliances during the 11th Five-Year Plan have shown that (on condition that the plan is fulfilled with respect to all the outlined positions) the users of this equipment will obtain savings in outlays amounting to 10.8 billion rubles, and they will nominally free up 1,339,000 persons of industrial-production personnel with an annual wage fund of 2.57 billion rubles. In connection with this, the leading officials of the Ministry of Machine Building for Light and Food Industry and Household Appliances has posed to USSR Gosplan the question of the feasibility of allocating to the associations and enterprises of this sector an additional number of designers, technologists, and workers within the limits of several thousand persons; they are needed to ensure the

good-quality and up-to-date development of technology, outfitting, and conduct of other operations with regard to preparing production facilities, thus enduring the fulfillment of the indicated plan with regard to new equipment, though temporarily violating thereby the achieved ratios between the growth rate of labor productivity and the average wage. In the five-year plan of 1981--1985 USSR Gosplan took into account the needs of the Ministry of Machine Building for Light and Food Industry and Household Appliances and purposely provided for such an increase in the number of industrial production personnel. Furthermore, it is necessary to work out scientifically grounded ultimate ratios between the growth rate of labor productivity and that of wages as norms for a lengthy period (at least 5 years) by USSR Gosplan for the sectors and by the ministries for the sub-departmental enterprises and associations.

The ministry's leading officials have precisely presented the importance and the need for firming up monitoring controls over the observance of the economically justified ratios between the growth rate of labor productivity and that of the average wage for each association and enterprise, as well as for the sector as a whole. The Ministry of Machine Building for Light and Food Industry has outlined a number of measures for improving this work. But, in our opinion, without methodological unity on an All-Union scale uncoordinated measures adopted by each sector in isolation will not allow us to fully implement the potential effect to be gained from solving such a complex and important national economic problem.

The sector of machine building for light and food industry and household appliances has unleashed a great deal of organizational work with regard to ensuring the fulfillment of the decisions taken by the December (1983) Plenum of the CPSU Central Committee in the part of successfully carrying out the 1984 plan with regard to all technical-economic indicators.

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## FOOD PROCESSING AND DISTRIBUTION

### UKRAINIAN FOOD INDUSTRY OFFICIALS COMMENT ON EXPERIMENT

Kiev RABOCHAYA GAZETA in Russian 16 Feb 84 p 2

[Materials on session prepared by E. Babenko-Pivtoradni: "The First Steps, The First Lessons: The Economic Experiment Is Going Forward"]

[Text] Dear readers and television viewers! The regular session of our public council on the introduction of advanced experience was devoted to the first steps and the first lessons of the economic experiment. Let's recall the following facts: July of last year witnessed the publication of the decree of the CPSU Central Committee and the USSR Council of Ministers entitled "On Additional Measures for Expanding the Rights of Production Associations (or Enterprises) in Planning and Economic Activities and with regard to Increasing Their Responsibilities for Work Results." In order to develop and check up on the effectiveness and justification of these measures, it was also directed that an economic experiment be conducted during the current year in five ministries-- two Union and three republican.

Included among these ministries is the UkSSR Ministry of the Food Industry.

During the course of the present discussion we have touched upon only a few aspects of this ministry's work under the new conditions, the very first steps of the experiment--because, of course, only the first month of this year has gone by. Moreover, in order to make the conversation even more to the point, we decided to confine ourselves to the course of the economic experiment in the confectionery industry, having specifically acquainted ourselves with the operation of one of this sector's industrial associations--the Lvov Svetoch Confectionery Firm.

Our council was attended by the following representatives from this republic's food industry and trade: Deputy Minister of the UkSSR Ministry of the Food Industry, Anatoliy Yelizarovich BOUATYREV, Shop Chief of the Lvov Svetoch Confectionery Production Association, Lidiya Mikhaylovna MARKEVICH, confectioner of the Kiev Factory imeni Karl Marx, Nadezhda Ivanovna CHERNOGOR, and the chief of the republican office for trade in grocery items, Konstantin Yemel'yanovich GRIN'KO.



Furthermore, as always, the number of participants in the discussion was not limited to those who had assembled around the table of the public council.

#### Seek Out New Ways and Act on Them!

And so wherein lies the essence of the new way of working in the food industry and, in particular, within its confectionery sub-sector? Deputy Minister of the UkSSR Ministry of the Food Industry Anatoliy Yelizarevich Bogatyrev talked about this at the public council.

The principal task of the experiment in this sector, as the food workers perceive it, is to increase the production of foodstuffs, improve their quality and assortment, and operate the economic levers to increase production efficiency.

The means to attain this goal are as follows:

expand the rights of production associations and enterprises;

step up the incentives for labor groups to carry out the assigned tasks of the plan;

increase the responsibility for the end results of the work.

In general, the increases in independence and responsibility are phenomena which are inextricably interconnected: decide, achieve the possibility of better rewards for better work, dispose your own funds yourselves, but also, if you please, accept the responsibility for the results of your own management, including the responsibility for rubles. Now you will not be able to hide behind the paragraph with the words "orders from above."

Take, for example, the expansion of independence of enterprises in questions of production planning. Now the number of plan indicators coming down "from above" has been limited. If previously there were more than 25 of them, now there are only 9. The products list of items approved by the higher-ranking organizations has also been reduced. What does this mean? It means that the enterprises can and must take into fuller account the consumer demands in their localities and conclude agreements with the trade organizations to deliver precisely those products which enjoy such demands. And, furthermore, they should bear ruble responsibility for the execution of these agreements. Just look at the following provision: on condition that the sales plan is carried out, and the agreed-upon deliveries are made within the deadlines which have been set, the enterprise's material-incentives fund is immediately increased by 15 percent. But, on the other hand, for every percentage point of non-fulfillment, this fund is decreased by 3 percent.

That's eloquent arithmetic.

But just what are the principal evaluative indicators of the enterprises' work under the conditions of the experiment?

There are three of them:

fulfillment of the sales plan, taking into account the deliveries in accordance with the agreements concluded;

relative share of high-quality products;

growth of profits.

How do the results of work affect people's wages and satisfy their social demands?

They do so in the most direct manner. The material-incentives fund, the socio-cultural-measures fund, and the housing-construction fund have all been made directly dependent on the operational efficiency of the enterprise and, above all, on the growth of profits. And this means that everyone must be motivated to bring about a growth in labor productivity, a reduction of production costs, an economical expenditure of raw materials, material and labor resources. Enterprises have been granted the right to bring about, by means of economies in the wage fund, bonus payments to highly skilled workers in Categories 4--6, amounting to 16--24 percent of their wage rates, establishing salaries up to 230 rubles, and as much as 50 percent of the salary rate for engineers, technicians, and office employees. Bonus payments for holding down more than one job have also been established upon review by the enterprise, without the need for any additional concurrence from "above."

As preliminary calculations have shown, the confectionery industry alone this year will establish bonus payments to the basic wage for 2,575 workers and additional payments for holding down more than one job--for 1,820 workers.

Lidiya Mikhaylovna Markevich, the chief of the second chocolate shop of the Svetoch Production Association, contributed her own clarification right at this point:

"And it was already back in January, working under the conditions of the experiment, that we reviewed the salaries and raised those of eight persons by 10--20 percent. These are our leading workers and members of the shop's mechanical service; it is on them that the precise, smooth operation of the equipment and the product quality depend. Everything is interconnected here. In January our association's group was able to fulfill its increased, counter-plan and provide 40 tons of confectionery items more than was initially intended; 60 percent was high-quality output and in a wide assortment--about 100 types. Fulfillment of the stepped-up plans has yielded an increase in profits for the enterprise. The material-incentive funds has increased from these profits. And every worker gains from this, including those in our shop. Everything is simple and clear."

Yes, this is how simply and clearly the economic levers of incentives will work. But it must be kept in mind that all this is on condition that the work be highly efficient. A bonus payment must be earned! And if the efficiency decreases, then the bonus also disappears. That's the way it is.

The economic experiment genuinely stimulates initiative, the course of production groups and their managers to technical progress, production intensification, and modernization. And, at the same time, it ensures them of a reliable material base for this: if previously the fund for production development was centralized and could, if the ministry so desired, be redistributed from one facility to another or taken away entirely, now it is the property of the enterprise and under the supervision of the group.

Just by means of utilizing this fund, A. Ye. Bogatyrev noted, the ministry's enterprises aim in 1984--1985 to turn out additional products in the amount of approximately 80 million rubles. And, understandably, to earn the appropriate material incentives.

Seek out new ways, act on them, be up-to-date managers, the experiment is, so to speak, summoning us--and you will be recompensed!

An Intensive Plan? This Is Advantageous.

"I earnestly request that you increase our plan for 1984. With regard to confectionery items--by 350 tons, and with regard to NChP--by 60,000 rubles. Yes, we insist.... Of course, we have made all the calculations...."

This was something like the telephone conversation between the general director of the Svetoch Association, Valentina Alekseyevna Naumova, with one of the leading officials of the republic's Ministry of the Food Industry which we chanced to overhear when we, as representatives of newspaper and television, showed up in her office for an interview about the experiment.

You will agree that the request was not a very common one. Journalists have become much more used to criticizing enterprise managers for adjusting plans in a downward direction.

Here, however, it was a completely opposite phenomenon: the director was requesting that the plan be increased, while at the ministry they were still resisting--everything, it seems, was being turned inside out....

A paradox? An exception to the rules? No, simply the result of the operation of new norms, legitimized by the economic experiment. Already back in Kiev, at the session of the public council, we were interested in seeing whether the Svetoch had succeeded in getting its own way.

"Yes, the plan for that association was increased," Deputy Minister A. Ye. Bogatyrev confirmed. And it was not only Svetoch which addressed such a request to the ministry. Proposals to increase their plan assignments were made by the groups of the Kiev Factory imeni K. Marx and the Kremenchug Confectionery, the Verkhnedneprovsk Starch-Syrup Combine and the Cherkassk Oblast Food Industry, the Vinnitsa Oil and Fat Combine.... For the ministry as a whole, such proposals were accepted in the total amount of 320 million rubles, or 3.7 percent of the amount intended earlier for the plan. In particular, the plan assignments for the production of granulated sugar were raised by 350,000 tons, of confectionery items--by 12,000 tons, of vegetable oil--by 45,000 tons, of yeast for baking--by 250 tons, and of pancake flour--by 730 tons.

The fact of the matter is that it is more advantageous for the enterprises to fulfill a stepped-up plan than to over-fulfill a lowered one, since, with regard to the norms, the increase of all the incentives funds is higher for the growth indicators provided for in the plan than for above-plan indicators. Furthermore, it is certainly of no little importance that raw materials and transportation are planned in line with the plan indicators.

As their own counter-plan the groups of this sector have likewise accepted an additional assignment set forth by the party--to raise labor productivity above the plan by 1 percent and lower production costs by a further 0.5 percent. Together with all the working people of this republic, they have pledged their word to fulfill it successfully and even over-fulfill it.

Let's return, however, to the Svetoch facility. It was not by chance that we chose precisely this association for a more detailed acquaintanceship with the first few steps of the experiment. The Svetoch is a well-known firm with a good, solid reputation. It operates in a stable fashion. And, although the confectioners work in old, crowded buildings, the group is characterized by a feeling for what is new and by a striving for improvement.

It is obvious that the UkSSR Ministry of the Food Industry took all this into consideration in specifying the Svetoch as one of the base enterprises for conducting the economic experiment. At the Svetoch we saw how the skilfully prepared conversion to operating in a new way has changed the psychology of people and their attitude toward their business.

We also talked about this with Yevgeniya Aleksandrovna Kuznets, a brigade-leader in the chocolate workshop.

"We were getting ready to work in the new way as far back as the end of last year," this worker explained. "And we understood the main idea of the experiment as follows: it is necessary to learn how to think and work in an economical way. Previously here people used to work separately: one brigade, ours --on the chocolate-bar line and two more brigades--on the wrapping machines. But in connection with the conversion to the new operating conditions, everyone decided to merge into one, integrated brigade with work evaluation in accordance with the end result and by applying the coefficient of labor participation. What has this provided? First of all, the general mood has changed: labor discipline has tightened up within the brigade, there are no people coming in late or unauthorized absences, each person tries to prepare his work place ahead of time so as not to cause any breakdown of the equipment. You know, our wages depend on the final results--the shipment of the finished products. If it turned out that one person in our shop was superfluous, we could certainly get by without that person. And even if half the staff were let go, we would still manage to cope. How? Well, all the members of our brigade has mastered closely related jobs. We even thought it over together, figured it out, and directed a request to the shop administration to raise our production norms. For example, we have a norm for candy bars of 3.8 tons, but we produce 5--5.2 tons. The more we produce--the more we earn."

And so that's the way the chain is connected: the workers combine their jobs and request that their production norms be raised--and the managers of the enterprise request that the plan for the association be increased.



Who is the winner here? Everybody. The confectioners themselves, the state, and you and I, as consumers.

#### At the Junction of the Departments and Interests

Consumers, moreover, as we all know, are demanding people and fussy, even more so in the case of choosing sweets. And this, by the way, is also relevant to the experiment.

"We understood," V. A. Naumova, the general director of the Svetoch Confectionery Association, told us, "that the experiment requires a very serious attitude toward the product assortment, since this involves the fulfillment of our sales plan, taking into account deliveries by contract agreements. Here, for example, in this very same chocolate workshop we are now turning out a new production line of chocolate candies entitled 'Maska' and 'Charodeyka,' which were planned and manufactured almost entirely by our own efforts. This is our specific action to demand. It is not just a matter of the line increasing labor productivity in this shop by 7 percent. Something else must also be taken into account: previously in this section two lines used to make 'Batonchiki.' It was not a bad candy and was cheap, but...people got tired of it. Trade gave up on it. And so we took steps to meet the consumers' demands: one of the lines which used to make 'Batonchiki' was disassembled, and we have set up a new one in its place for making candy which sells more briskly."

And so, a solution was found in this case. But changing demands are not always so easy to satisfy, especially when you are still depending on people in allied fields, and among them are those who have not yet been included in the experiment. At one of the previous sessions of the public council we already spoke about the hard-to-get zephyrs [a kind of puffed candy] and candied fruit jellies. And so the problem has not been eliminated.

"Give us some more 'Korovka' and 'Ptich'ye moloko' candies, as well as selections of candies in pretty, colored boxes," shoppers have insisted in the Lvov confectionery store which bears the same name as the well-known firm Svetoch. But L. A. Markevich, the chief of the chocolate workshop of this production association, provided the following explanation at our session: in making these particular candies there is still a great deal of manual work involved. At the enterprise they are working on a solution to this problem. Production has begun of the "Lyubava"--similar in type to "Ptich'ye moloko"--and output of this candy will double this year. Output of "Korovka" will be increased by a factor of 1.5. But here we are held back not only by the factor of mechanization--we need raw material, high-quality, condensed milk. Here there should be a response from the supplier--the UkSSR Ministry of the Meat and Dairy Industry. But when the matter of packaging--boxes, wrapping--came up for discussion, here in their complaints against the suppliers there was unanimous agreement among the industry, trade, and the shoppers.

In speaking about the first steps and first lessons of this experiment, we do not intend to idealize matters. The experiment is being conducted in order to check out how effectively the new norms and indicators are functioning. What kind of a yield are they providing in the improvement of the economic mechanism? And also to discover at what "junctions" of the interests of various departments and services frictions arise in the chain of workers in allied fields.

But results will not come in of their own accord. We have to work on them. And not only those who are directly involved in the experiment.

Take the above-mentioned trade, for example. Its ministry has not been included among those participating in this wide-scale economic experiment. But it is certainly the workers in trade, and they above all, who ought to be thinking about what commercial goods are needed by the consumers and in what quantities they should be produced by the UkSSR Ministry of the Food Industry. They ought to think about this and transmit the appropriate orders, to include the needed assortment in their own contract agreements with the industry--for deliveries. Let's bear in mind that now it is precisely by this indicator--fulfillment of the plan in accordance with the contract agreements with regard to the products list, quality, and meeting the deadlines exactly--that the work of people in the food industry is evaluated. It is on this that both their encouragement and their punishment by the ruble depend. This is the kind of powerful means of influencing industry which the economic experiment has given into the hands of trade. But this powerfully influential means must also be used skilfully. Just how is it being utilized by our trade?

We can boldly assert--actually not at all yet. At best it has been limited to an enumeration of old complaints, well-known to both sides: on what points the requisition orders of trade are not being fully satisfied, which enterprises of the Ministry of the Food Industry have fallen behind in their plans from the contract agreements which were concluded at a fair as long ago as May of last year, that is, prior to the issuance of the well-known decree of the CPSU Central Committee and the USSR Council of Ministers on expanding the rights and increasing the responsibilities of the enterprises.

This was likewise referred to at the session of our public council by Konstantin Yemel'yanovich Grin'ko, the chief of the Ukrbakaleya [Ukrainian Grocery] Republican Office. And, in so referring, he requested the UkSSR Ministry of the Food Industry, in the person of the deputy minister, Anatolii Yelizarovich Bogatyrev, to "rectify these problems." And right there, to their mutual satisfaction, they managed to clear up a number of important factors of the goods assortment under the new conditions about which Konstantin Yemel'yanovich was simply unaware (he had an outdated circular).

We, of course, are gratified that our public council has played its own positive role. But, if you please, dear Comrade Managers, was it really necessary to wait for our session in order to do these things? Is it really true that the Ministry of Trade and the Ministry of the Food Industry are at the ends of the earth, and, is it really not true that, if worst comes to worst, Kiev Streetcar No. 18 runs between them?

In our opinion, there is still an influence here of the old approach to the formation of relations which are new in principle between partners. And this must change--the sooner the better. From reciprocal complaints we should make the transition as soon as possible to reciprocal, precise cooperation on all levels. But, you know, as we have discovered, the trade workers in the localities--the salespersons and the store managers--have only a very vague knowledge about the experiment, while their own role in conducting it has not been explained at all.

Again at our discussion, already for the umpteenth time, there arose in all its acuteness the question of the need for well-planned study and forecasting of demand. In the given case--of the output of the food industry. Our trade here in confectionery items still operates, as before, under the conditions of shortages which are convenient for it. Both for the enterprise and the store expensive candies are still profitable. Our people's purchasing power has greatly increased. Give us the most expensive kinds of candies--chocolate truffles, for example--which in the past have sometimes become stale on the shelves--and now they are suddenly in widespread demand.

But even here shortages are a temporary matter. Once it is profitable to do so, the industry will increase, and is already increasing, the output of expensive chocolate candies. And then just look--there will be an overstocking of them. This is what occurred previously in the case of soap and pasta-type products. Either there is a shortage, or so much is ordered and produced that there is no place to put these things.

It is time, finally, that our trade and industry took a scientific approach to the determination and forecasting of demand. This is also required by the economic experiment, so much has the role of the requisition order increased.

The first steps, the first lessons of the economic experiment. They are important for us not only in themselves.

"THE SYSTEM OF MANAGING THE ECONOMY, OUR ENTIRE ECONOMIC MECHANISM, NEEDS A SERIOUS RE-STRUCTURING," COMRADE K. U. CHERNENKO, THE GENERAL SECRETARY OF THE CPSU CENTRAL COMMITTEE, POINTED OUT IN HIS SPEECH AT THE EXTRAORDINARY PLENUM OF THE CPSU CENTRAL COMMITTEE. "WORK ON THIS LEVEL HAS ONLY JUST BEGUN. IT INCLUDES A WIDE-SCALE ECONOMIC EXPERIMENT WITH REGARD TO EXPANDING THE RIGHTS AND INCREASING THE RESPONSIBILITIES OF THE ENTERPRISES. QUESTS FOR NEW FORMS AND METHODS OF MANAGEMENT IN THE SERVICE FIELD ARE GOING FORWARD. IT IS UNDOUBTEDLY TRUE THAT THEY WILL PROVIDE MUCH THAT IS USEFUL AND WILL HELP US TO SOLVE THE STRATEGICALLY IMPORTANT PROBLEM OF INCREASING THE EFFECTIVENESS OF THE ENTIRE NATIONAL ECONOMY."

Our public council on the introduction of advanced experience will be returning several times to the questions of conducting the economic experiment at this republic's enterprises.

We await your responses and proposals, dear readers and television viewers.

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## FOOD PROCESSING AND DISTRIBUTION

### ECONOMIC RELATIONS BETWEEN APK'S AND FOOD, LIGHT INDUSTRIES

Moscow FINANSY SSSR in Russian No 4, Apr 84 pp 3-9

[Article by V. A. Rayevskiy, chief of the Light and Food Industry Financing Administration of the USSR Ministry of Finance and candidate of economic sciences: "Improving Economic Relations in the Agroindustrial Complex"]

[Text] The continuity of the highest goal of the party's policy -- every conceivable concern for man's welfare -- was emphasized in the decisions of the February 1984 CPSU Central Committee Plenum. In connection with this, the development of an economic mechanism adequate for development tasks in the next, the 12th Five-Year Plan, which must bring our country to even higher economic frontiers, has a great deal of importance. As Comrade K. U. Chernenko, the CPSU Central Committee general secretary, pointed out: "The new five-year plan must first of all become the basis for deep qualitative changes in production; it must be the five-year plan of a decisive turning point in the task of intensifying all branches in our national economy. The modern material and technical base and control system must find new and higher qualities."

The group of industrial branches, whose consumer goods made from agricultural raw materials form a large part of production, is the most important subunit of industrial production. Approximately one-third of all industrial products are produced in the associations and enterprises of the light and food industry. Their percentage of the overall production of group "B" industrial products is approximately 60 percent. That is why the development of the light and food industry is closely connected with the solution of the tasks that were put forward by the 26th CPSU Congress for the Eighties and even further out-- increase the consumption fund in national income and raise the material and cultural standards of living of the people.

Light and food industry branches have been included in an agroindustrial complex which should be an independent subject of control, planning and financing. It is possible to carry this out effectively only through a qualitatively new approach to the organization of costaccounting ties between agriculture and the branches which are processing its raw materials. The cost of



agricultural raw materials represents from 80 to 95 percent of the production cost of these branches. Under these conditions, the economic indicators for their work directly depend on improving the organizational forms for controlling the single technological process-- from cultivating agricultural crops to the sale of finished products -- improving planning methods and practices, and improving the system of levers and incentives for mobilizing reserves.

In accordance with the decisions of the May 1982 CPSU Central Committee Plenum quite a bit has been done in a relatively short time to put the agroindustrial complex (APK) of the country as a whole and of regions into organizational and economic shape. The statutes on the oblast and rayon agroindustrial association (APO) reinforced the rights and duties of the new bodies for controlling the complex in planning and stimulating the achievement of high final work results by the associations and enterprises of the branches that are included in it. However, several questions concerning the further improvement of costaccounting ties cannot be put off. In our opinion, the experience, which has been acquired in specialization, cooperating, estimating, and organizing finances in the light and food industry, deserves attention.

The organizational management structure was significantly improved in these branches during the Seventies. The number of links was decreased, and large industrial and agroindustrial associations were formed. Today, there are more than 100 agroindustrial associations and enterprises in the USSR Ministry of the Food Industry -- grape-growing and wine-making, sugar-beet, and tobacco ones which include 1,244 agricultural enterprises or 90 percent of their total number within the ministry. New forms of agroindustrial integration, which have proven themselves in general, have appeared in the food industry. The production of agricultural raw materials and their procurement, transportation, processing, and partially their sale in fresh form to the population have been concentrated under a single management. The formation of this same complex within the USSR Ministry of the Fruit and Vegetable Industry, to whom additional industrial, procurement, trade, and agricultural enterprises -- basically those for the production, storage and sale of fruits and vegetables-- have been moved from other departments, has ended. Sovhoz plants, where the output of grape products and wine-making products rests on their own firm raw material base, have been formed in wine-making. Food industry agroindustrial associations provide 50 percent of the wine materials, 71 percent of the fruit and vegetable preserves, 61 percent of the essential oil-bearing raw material, and 48 percent of the grapes in the total production and purchases of the USSR Ministry of the Food Industry. In all cases, the new forms of agroindustrial integration, which are contributing to the deepening of the farms' specialization, have not led to a one-sided orientation on the production of only one type of product. The farms are developing on the basis of integrally combining the production of the main product with associated products. This helps the wastes and side-products of the technological process to be processed more completely.

The level of agroindustrial integration is highest in grape-growing and wine-making where a qualitatively new form of association has been established -- sovkhos plants which have a single balance and a common financial result and whose economic incentive funds are formed on the basis of this. Specializa-

tion is being intensively carried out in the agricultural enterprises that are included in the sovkhoz plants. This contributes to their stable operation and a steady rise in the production of final products. The results in the production of tobacco and sugar, where these matters are being resolved slowly, are different.

Grape settlements are made considering their qualitative characteristics, i.e., the basic purchase price is calculated based on deviations from the basic standards. Of course, even here the sugar content of the raw material was lowered during bad years; however, the condition of agricultural practices for this crop is satisfactory and the introduction of high yield and disease and pest resistant strains is being expanded. It is typical that the question of changing the procedure in effect did not arise during all the stages of determining more precisely the purchase costs and settlements for grapes. Meanwhile, in the production of sugar beets where a large part of the specialized farms are subordinate to a different department, settlements were made for a long time practically without considering the sugar content of the beet. As a result, the state of agricultural practices and seed production worsened, and the trend toward a decrease in the beet's sugar content was maintained for many years. In addition, the settlements without considering quality reduced the industry's attention on preserving sugar during storage and processing. Since all losses could be related to the quality of the raw material, the necessary work to reequip and outfit beet-receiving points and to improve the conditions for storing beets was not performed in many associations and enterprises. Losses grew, and the output of sugar decreased. A steady increase in the production of sugar from this raw material was not achieved with a growth in the purchasing of sugar beets.

Beginning with the 1981 harvest, a procedure for settlements for sugar beets considering sugar content was introduced. This procedure was called upon to stimulate an improvement in the quality of the beets. And indeed, the sugar content has increased during the last two years. Practice, however, reveals defects of a new order. Whereas an increase of four rubles is paid to farms for each point of increase in sugar content viz-a-viz the basic standards, a reduction of two rubles is applied to farms, which have lowered the sugar content, after a neutral interval (deviation from the standards) of one point. However, very few farms permit such a decrease in sugar content during a year. This means that the sanctions are practically not being applied, and the differences between the reductions and increases are not compensating for the industrial losses (rise in cost) from the decrease in sugar content. In 1982 the Ukraine's sugar industry did not fulfill its profit plan by 15 percent and had a shortage of 66 million rubles in its own working capital based on the year's results. The gap between increases and reductions reached almost 90 million rubles. It is possible to eliminate these contradictions by improving the system for evaluating the fulfillment of the plan for selling agricultural products to the state considering their quality. The physical amount of purchases of agricultural raw material must be adjusted strictly in accordance with the content of useful substances, and it is necessary to evaluate work results in agriculture based on the output of final product.

These questions would be resolved more rapidly and effectively with the common subordination of the beet-growing farms and sugar plants.<sup>1</sup> The arguments about whether the worsening of work indicators is connected with the quality of the arriving raw material or with its incorrect storage and violation of technological processing conditions, would be stopped. There is some experience in the Ukraine, in the Yampolskiy Rayon of Vinnitsa Oblast. Here, they encourage the beet-growing farms when there is an increase in the output of the final product at the sugar plant using its above-plan profit. They are obtaining more than 50 quintals of white sugar from each hectare of the sugar-beet plantations as a result of improvements in the agricultural practices for growing beets and decreases in their losses during transportation and processing. This exceeds the average results for the country by more than twofold.

A test is being conducted to evaluate final results in the production of vegetable oil and other types of products. Enormous reserves for the increased production of food items, the decrease of expenditures on production and the increase of monetary savings have been placed in the transition to this evaluation.

An analysis of the work of the sugar industry also reveals other discrepancies in evaluating the results and the organization of the business ties of the processing enterprises with agriculture; unfortunately, these are also typical of other branches. At the present time, for example, the gross yield and productivity of sugar beets are evaluated based on physical weight, including the dirt, which adheres to the roots, and the beet tops. This allows the farms to turn in heavily polluted and dirty beets. At the same time, the sugar plants and beet receiving points consider the beets, which are received, based on their recorded weight, i.e., without their being polluted with dirt, beet tops and other impurities. It seems that a single procedure is required to account for beets in agriculture and in industry based on the recorded weight or the output of final product -- granulated sugar from each hectare of their sown area. Such evaluation indicators will help to increase the economic effectiveness of sugar beet production.

The standards system must contribute to improving the quality of agricultural raw materials. The state all-union standards, which are in effect for certain types of fruits, vegetables, sugar beets, and other products, do not satisfy modern requirements for their quality from the point of view of useful substance content. The standard for sugar beets, for example, does not consider the sugar content in the beets and the maximum allowable norms for their pollution with dirt. The absence of very important qualitative indicators in the standard was one of the reasons for the decrease in the beets' sugar content and the increase in their pollution. Approximately 10 million tons of dirt are annually transported with root-crops to beet-receiving points and sugar plants. Industry pays 20 million rubles for this. The fertile layer is being removed.

The standards and specifications have been called upon to orient the producers of raw materials on growing fruits, vegetables, grapes, sugar beets, potatoes, and other crops with previously stipulated indicators for taste and technical qualities. The basic quality indicators must be stipulated in the standards

and specifications: the sugar content of beets and grapes, the starch content of potatoes, the content of dry substances in tomatoes, etc. It is necessary to compile purchase prices and make settlements accordingly.

In organizing the costaccounting ties of the processing branches of industry and agriculture, there is an extremely important element which is connected with the so-called price difference adjustment. The fact is that finished products may become unprofitable in a whole series of cases when there is a complete consideration of expenditures for the production of raw materials based on purchase prices.<sup>2</sup> The differences in prices are compensated for through profits and -- most frequently of all -- through appropriations from the budget in many branches of the light and food industry and for a rather broad product list. The largest amounts for covering these differences are in animal husbandry.

The price difference adjustment system, which is in effect, provides costaccounting production conditions for the supplier and user of raw materials. It, however, also has a serious defect: The unity of evaluating production in the national economy is being violated. The information on gross agricultural output is not proving to be comparable with the material production expenditures of the processing branches. The economic indicators and financial results of the latter do not reflect complete expenses during the production and sale of products and the real processes in producing and distributing the products. This distorts the calculations of the effectiveness in developing the branches, the repayment of new installations, etc. Accounting prices for cattle and milk have been revised and introduced in order to take into account in them the expenditures for raw materials. Of course, there is no chance to completely solve this problem when there is a more than twofold excess of state expenditures when compared with the retail prices of meat and dairy products. However, one cannot reconcile himself with the fact that the profit of the meat and dairy industry is almost 70 percent higher than the planned expenditures that are being financed from it. Preliminary estimates show that there is an opportunity to decrease the profit of the meat and dairy industry and its free residue, which enters into the budget, by 20-25 percent by increasing accounting prices and introducing reductions and additions to the prices for finished products; accordingly, subsidies from the budget to cover the differences in prices are decreased.

The settlements with the farms for the animal husbandry production of a meat and dairy industry association and enterprise are performed basically with a consideration for the quality of the raw material which is being prepared. Although there are still unresolved questions in stimulating an improvement in some of its qualitative parameters (for example, those of meat pork, and the protein content in milk), the procedure in effect has on the whole proven itself positively. It contributes to a growth in the average weight of the calves that are being turned in and in the grade and fat content of milk. However, whereas the purchase prices for milk are different based on the grade considering its acidity degree of refrigeration, etc., there is no similar differentiation in the accounting prices on whose basis the cost of dairy products is established. This does not excite the interest of industry in the



more effective use of high quality raw material for the output of high quality dairy products. The increases in effect for Grade 1 milk should be included in different accounting prices for milk based on grades. The dependence of accounting prices on the quality of the milk also permits the monitoring of its receipt from suppliers to be improved.

There is a considerable number of sovkhoses, which are specialized in the production of fodder for animal husbandry within the USSR Ministry of the Meat and Dairy Industry system. The establishment of agroindustrial formations was recognized as being advisable during the development of the general schedule for managing the meat and dairy industry since the raw material area of meat and dairy combines is, as a rule, extremely vast. However, the existing system for procuring, receiving, transporting, and processing animal husbandry products has considerable deficiencies due to the departmental disconnection of the organizations which are performing these functions. These shortcomings lead to losses in agricultural products and to a decrease in commercial meat and dairy resources. The percentage of industrial processing of animal husbandry products is a little more than 60 percent of the overall amount of gross production.

The main avenue for improving economic ties during the procurement and processing of animal husbandry products is the expansion of their reception directly at the farms with their subsequent shipment to industry using specialized transport. The purchasing of animal husbandry products based on direct ties with the processing enterprises contributes to increasing the marketability of the products. In this case, general expenditures for the production of the final product are also lowered. The transportation cost is paid to farms, which have not shifted to this advanced purchasing method, based on established norms which cannot always consider specific local conditions. Conflict situations, which are connected with the establishment of norms, arise. Some farms do not confine themselves to the norms and suffer losses; others dispatch cattle in transport which is not fully loaded. Transportation is used more effectively in dairy and meat industry associations and enterprises, and the accurate coordination of its operation with the processing periods improves the smoothness of production. Calculations testify that transportation expenditures are decreased almost twofold on the average with direct ties -- not to mention the fact that manpower and transportation are directly freed for agriculture.

The purchasing of animal husbandry products at the farms has been already carried out for a long time in the Lithuanian SSR. Here, settlements are made based on the live weight of the purchased cattle. A more advanced procedure for settlements has been established in the Belorussian, Moldavian, Latvian, and Estonian SSR's which have also completely shifted to direct ties between industry and agriculture. There, they also purchase animal husbandry products at the farms; however, the final settlement is made based on the weight and quality of the meat obtained after the slaughtering. It is this procedure which should be broadly expanded in the near future. There are quite a few reserves here. No more than one-fourth of the animal husbandry products are now being purchased on the basis of progressive direct ties.

During recent years, the chemicalization of light industry has been conducted intensively. However, despite the introduction of new types of synthetic and artificial fibres, which are similar to natural ones in their physical and chemical qualities, and also of dyes and auxiliary materials for the qualitative decoration of finished products, the basic type of raw material, which is required in the majority of sub-branches, remains agricultural raw material: cotton, wool, flax, and hides. In light of the growing consumer demand for variety and quality in light industry products, the improvement of the organization of cost accounting ties, especially the settlements for raw materials, in order to achieve a unity of interest in the final result on the part of all participants in the technological process, is becoming more and more urgent.

A shift to grade prices for machine harvested raw cotton began in 1981. A "lack of individuality" in settlements had existed in practice for a long time. All of the cotton, which was harvested during the first two passes of the spindle machines, was paid for at the price of Grade I. This procedure, which played a positive role in spreading the machine harvesting of cotton, ceased at a certain stage to contribute to an increase in responsibility for its quality. The proportion of raw cotton of the highest grades systematically decreased, and then the cotton fiber output indicators also decreased. The growth of cotton fiber stocks during the last few years has considerably lagged behind the growth in the volume of raw cotton purchases. The new settlement procedure orients farms toward the elimination of existing difficulties in the agricultural practices for cultivating and harvesting cotton. Following the Tajik and Azerbaijan SSR's, the farms of Turkistan, Uzbekistan and Kazakhstan shifted to grade payment for cotton. The matter depends on an important measure -- its consistent completion and strengthening with a system of measures to improve the organization of production and its material and technical support.

However, all questions have still not been solved. Take, for example, the determination of grade. Today, the procurement point receiver-classifier practically determines the grade of raw cotton "by feel", and the payment to the cotton-producing farms is made based on his evaluation. An instrument evaluation of the grade is conducted on the second-third day after its receipt. Recalculations, which are based on the quality that has been defined more precisely, are not made. As a result, there is an overpayment or underpayment to the farm. The overstating of the grade of the received raw cotton is turned into a change into a lower grade of cotton fiber. The losses of earnings and profits in industry, which are connected with this, reached more than 50 million rubles in the Uzbek SSR alone during the processing of the 1982 cotton harvest.

It is possible to shift to grade payment with the utilization of its advantages only by fully equipping the procurement points and cotton cleaning plants with the necessary instruments and devices. This permits a high-speed instrumental method for determining the quantitative and qualitative indicators of raw cotton to be introduced during its turning in and receipt. The instrument manufacturing industry, which has been commissioned to increase the output of these instruments and devices in a very short time and their delivery in complete laboratories to the cotton plants, is holding back the task.

The work of the cotton-growing farms is evaluated based on the physical weight of the raw cotton that is turned in, but the raw material is accepted in the cotton plants based on the conditional weight, i.e., considering the basic moisture and pollution norms. As a result, the farms are not sufficiently interested in observing these norms. A large portion of the raw cotton arrives at the cotton-receiving points with moisture and pollution that exceeds the state all-union standard accounting norms. A considerable amount of the cotton's selection varieties does not satisfy the needs of industry.

Frequently there are also mistakes in determining the conditional weight in connection with lowering the moisture and pollution indicators. These lead to the failure to fulfill the planned cotton output and to a growth in losses -- wastes in production. A single system for accounting for the purchased cotton based on its conditional weight is required.

However, in our opinion, the main thing is the gradual preparation for the shift to settlements based on the cotton fiber that is turned in. As the raw material for the knitting and textile industry, cotton fiber should be the end product for cotton producers.

In accordance with the procedure in effect, raw cotton is paid for based on different purchase prices which have been established for four grades. Cotton plants sell cotton fiber of seven industrial grades. The absence of cotton fiber content indicators in the standards and purchase prices in effect, naturally, does not stimulate the cotton-growing farms to improve the quality of the cotton and to increase the fiber content in it. In the final analysis, this leads to losses of resources and to a noticeable rise in the price of the products.

Proposals to evaluate the work of the farms based on the output of cotton fiber have already been expressed in the central press.<sup>3</sup> Different variants are possible here: for example, to establish an indicator of the standard output of cotton fiber for each selection grade of raw cotton, based on which the cotton, which is turned in by a farm, is paid for; and to recalculate with the farms based on the actual output of cotton fiber after the processing of that batch. There is another variant: to pay the farm for the estimated amount of cotton fiber based on the percentage of fiber output which is obtained from a sample of that batch. In doing this, it is necessary to eliminate the already mentioned discrepancies between the amount of the raw cotton grades and the cotton fiber. Then, it will be possible to introduce a procedure, similar to the one in effect in the wool industry where the basic purchase price is set based on the 100 percent output of fiber and its adjustment is made during actual settlements.

Unresolved questions, however, are preventing the shift to this procedure. You see, the output of cotton fiber depends in any case not only on the condition of the raw material but also on its storage and the compliance with processing practices. It is possible to solve this task by the establishment of agroindustrial associations for the production of cotton fiber, which would have a common financial result and whose work would be evaluated based on the

end product. In our country, there is positive experience in integrating the cotton-cleaning industry with the cotton-growing farms. The output of cotton fiber on four USSR Ministry of Agriculture sovkhos plants in Uzbekistan and Tajikistan, who settle accounts based on cotton fiber, is 1.5-2 points higher than in plants which are located nearby and which are not connected to their suppliers by a common economic result. During 1976-1980, the Narpay Agro-industrial Association insured the production of 33.5 percent of cotton fiber as opposed to the average 31.6 percent for Bukhara Oblast. In 1980, the Kzyl-Ravat Association produced 81 percent of the sowing seeds for Grade I cotton as opposed to 39 percent for Namangan Oblast on the whole; and in 1981, 85 percent of the total amount of seeds were produced.

It is possible to decrease losses in cotton-growing and to improve the quality of cotton fiber by thoroughly solving the problems in the technology for growing cotton plants, including seed-growing, the care of the crops, the use of fertilizers and herbicides, harvesting, cleaning, drying, and processing of the raw cotton. It is possible to achieve the greatest effectiveness with the organizational unification of the two interconnected branches -- cotton-growing and the cotton-cleaning industry -- and the evaluation of their activity based on a common balance for the end result -- the sale of cotton fiber.

Unfortunately, the different procedure for distributing the profits of industry and agriculture even within one association or department is hindering the correct organization of costaccounting ties. As is known, industrial enterprises make payments to the budget for the funds and, after the covering of their planned expenditures, the unencumbered remainder of their profits regardless of their profitability. Sovkhozes do not make payments for the funds and, when their profitability is higher than 25 percent, they take deductions in the budget based on the actually received profits according to a special scale. Each one of the farms, which is included in an agroindustrial association, forms economic incentive funds based on the individual and not the joint results of its activity. Thus, an objective basis and even a certain interest in the non-equivalence of settling for production is preserved even in one economic complex "under one mask". You see, the profits of agriculture are distributed on more favorable terms, not to mention the fact that more than 15 percent of the profits can be expended here for material incentives and about five percent in the light and food industries. Many questions concerning the distribution of agroindustrial association profits are now being solved formally. For example, it is hardly possible to always separate the production fixed capital of industry, from which payments are taken, and of agriculture, from which the collection of payments has been rescinded, when equipment is frequently used seasonally in one or the other branch (one of the advantages of integration lies in this).

It seems to us that the solution of this question consists of establishing a single system for distributing profits based on the experience of the wine-making industry sovkhos plants.

Besides the fees for the funds, the sovkhos plants make stable payments to the budget. Their amount on the whole for the ministries of the food industry and the other management bodies of the union republics is prescribed by the USSR



Ministry of the Food Industry in coordination with the USSR Ministry of Finance and the Council of Ministers of the union republic in the form of a percentage of estimated profits. A different norm for payments into the budget for each sovkhos plant is determined by the Ministry of the Food Industry in accordance with the Ministry of Finance of the republic. The stable payments are made once a quarter no later than 10 days after the period for closing the account. They have been prescribed in the sovkhos plants at a level of deductions from the profits of industry during the year of the shift to the new procedure. Thus, the farm maintains a firm connection with the budget and its income is not decreased.

Of course, some of the mentioned problems -- for example, the fee for industrial activity funds -- also exist in the sovkhos plants. In our opinion, considering the conditionality of the calculations, it is possible to add its total to the stable payments so that the profits of the sovkhos plants will be completely distributed on a standard basis.

According to the 1984 plan, the profits of the cotton-cleaning industry are approximately 140 million rubles, of which it is necessary to contribute 90 million rubles to the budget. With the amalgamation of sovkhos plants, it is necessary to maintain these payments at a level equal to the totals being paid by the farms at the present time. The deductions from the profits of the sovkhoses, the fee for funds and the unencumbered remainder of the profits of industrial enterprises will form a stable payment whose norm is determined during the year of transfer to the new procedure. The norms for the economic incentive funds, which are calculated as percentages of the overall balance profits, would be formed in a similar manner.

It is possible to find an analogous solution to the question in other interconnected branches with the difference that it is advisable in some cases to form these associations within the ministries of the industrial processing branches and in other cases -- in agriculture. Settlements in accordance with a common balance based on stable payments that on the whole preserve the income of the state budget for the complex would establish a basis for strengthening the costaccounting ties in the agroindustrial associations of the light and food industry.

There is another example of the fact that a single approach to the different links of the agroindustrial complex is not always being assured and that this is complicating the establishment of a single planning and financing system.

It is clear that unfavorable climate conditions and natural disasters have a negative effect on agricultural production and the final financial indicators of farms regardless of their departmental subordination. In 1982, the sovkhoses and agroindustrial formations of the USSR Ministry of the Food Industry suffered considerable losses for this reason. The assets of the reserve fund were not sufficient to cover them. The procedure for insuring property and providing help from insurance funds is not being extended to the sovkhoses of the USSR Ministry of the Food Industry. In order to form special sources to reimburse the losses of agricultural production from a shortage of products caused by natural disasters or unfavorable climate conditions, it seems necessary to

extend the procedure for insuring equipment, which is in effect for sovkhozes of the USSR Ministry of Agriculture, to these sovkhozes and agroindustrial associations.

The agroindustrial complex is in the process of being actively formed and organizationally strengthened. Comrade K. U. Chernenko, general secretary of the CPSU Central Committee, said when speaking during a meeting with the voters on 2 March 1984: "Verification by experimentation permits one to move from the stage of research to an accelerated movement forward." The economic experiment, which was conducted in the branches of the light and food industry in accordance with the CPSU Central Committee and USSR Council of Ministers decree that was adopted in June 1983 on expanding the rights of associations and enterprises in planning and economic activity and on strengthening their responsibility for work results, provides for fortifying the normative principle in the planning and stimulation of production. This places special demands on the costaccounting mechanism for managing production. The increase of responsibility for work results assumes an accurate differentiation of the factors, which are dependent and which are not dependent on the activity of the management links, and an improvement in the accounts of the farms between themselves and with the state budget.

We have only touched upon some problems for the sake of discussion. A careful analysis of the work of the associations and enterprises under the new conditions will help to establish a system which exerts an active influence on all links in the agroindustrial complex for the proportional and balanced development of the branches which are included in it, for providing industry with raw materials, and for satisfying the population's requirements for high quality goods.

#### FOOTNOTES

1. Concerning the deficiencies that are connected with the departmental disconnection in the production of sugar, cf. PRAVDA, 10 October 1983.
2. Concerning the economic essence and scales of compensating for differences in prices, cf. V. N. Semenov, "The Financial and Credit Mechanism of the Agroindustrial Complex", FINANSY SSR, No 7, 1983.
3. IZVESTIYA, 10 March 1983.

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## FOOD PROCESSING AND DISTRIBUTION

### PROBLEMS NOTED IN DELIVERY OF MEAT, MILK TO PROCESSING SITES

Moscow SOVETSKAYA ROSSIYA in Russian 25 Apr 84 p 2

[Article by N. Demidov, special correspondent: "Who Is at a Loss?"]

[Text] Let's remind our readers of the following: in a series of articles--"Corridor of Losses," "Bullock at the Crossroads," "Don't Take the Side Road!", "A Long-Term Agreement," and others--serious shortcomings were noted in the transition to accepting delivery of milk and meat directly at the production site. After this material appeared in the newspaper, joint decisions were undertaken by the RSFSR Ministries of Agriculture, Meat and Dairy Industry, and Procurement. However, no substantial changes have occurred.

From many corners of Russia alarming reports continue to arrive concerning the continuing stoppages at the gates of meat-packing combines, unjust accusations on the part of the processing enterprises, aimed at the farms, to the effect that the kolkhozes and sovkhoses are delivering poor-quality and unrefrigerated milk. But what constitutes the source of these violations, this poor-quality work? We think that it is primarily because of the fact that, in most cases, the deciding voice in evaluating incoming raw materials is still that of the processors. That is, the agricultural specialists are not in a position to exercise monitoring controls over the correct acceptance procedures of such milk or meat, inasmuch as the final estimate takes place at the enterprises of another department. This lowers the discipline of procurements, engenders a lack of controls, various types of breakdowns, and even abuses.

The acceptance of products at the production site not only eliminates the above-mentioned shortcomings but also impells the kolkhozes and sovkhoses to a constant concern for improving their quality. The following serves as a vivid example. Last year in Belgorod Oblast 93 percent of the farms did not bring their milk to the combines but instead turned it over "at their own place." As a result, there was a considerable improvement in the product quality, more of it was shipped off in refrigerated form, and hence there was an improvement in the economic indicators. These new relations brought 13 million rubles of income to the kolkhozes and sovkhoses.

It was not by chance that managers and specialists from agricultural organs, associations of the milk and meat industry, Mel'khoztekhnika, and state inspectorates for the purchases and quality of agricultural products came precisely

to Belgorod Oblast recently from many regions of Russia in order to attend a zonal conference devoted to this urgent problem. The subject of the discussion was what is hampering the establishment of closer relations between the partners of the agro-industrial complex.

In our opinion, N. A. Surkov, the chairman of the ispolkom of the Belgorod Oblast Council of People's Deputies, was justified in noting that the possibilities for operating in a new way exist everywhere; all that is required is the initiative and fervent striving of the appropriate managers. Let us note that the good changes in the oblast occurred, to a large degree, thanks to the constant attention to solving the problem at the localities on the part of the party and council organs.

"This year our enterprises are supposed to accept 12 million tons of milk at the production sites. This is not such a small scale for Russia," said V. S. Konarygin, RSFSR Minister of the Meat and Dairy Industry. "The trouble is that the assigned pace is not maintained. There is only one explanation: the importance of the outline operation has not been understood everywhere. For example, in the Stavropol, Altay, and Khabarovsk Krays milk will be delivered at the sites of more than two-thirds of the farms, but, let's say, in Gor'kiy Oblast this will be done at only one-fifth of these sites. And the proportion will be still less in Voronezh Oblast and several others. Many persons complain about the insufficiency of transport and equipment. Indeed, such difficulties have arisen, but they can be overcome if we put local reserves into operation."

The opinion of the conference participants regarding the on-site acceptance of milk was unanimous: it is a necessary matter. There were, however, notable differences of opinion concerning the solution of another problem. This is the matter of turning over livestock directly at the farms. The position taken by SOVETSKAYA ROSSIYA in this regard was also expressed in the above indicated publications: under the present conditions this must be done with a receipt to be written out at the site, i.e., it is better to accept the bullocks and pigs by live weight. An orderly procedure has been instituted in the calculations, things have become stabilized, the work of the processing enterprises has become smooth, and meat losses have been reduced. To be sure, certain persons have a different point of view--i.e., that all that is needed is a centralized shipping facility. That is, the meat-packing combines haul the livestock by means of their own transport and pay for them, no matter what, after the final butchering of the carcasses.

Last year in Belgorod Oblast 11 percent of the cattle were procured in such a way. But it has become clear that centralized shipping still does not remove many substantial problems. First of all, it does not exclude stoppages at the gates of the meat-packing combine or instances of holding the bullocks too long. This is not too surprising: because, you know, the responsibility for the loss of cattle weight, and hence also of meat, lies, as before, with the kolkhozes and sovkhoses, even though they are no longer in charge of things at the processing enterprises. Such a system even impels leviathan managers to have recourse to false accounts. In the published articles entitled "Don't Take the Side Road!" and "A Long-Term Agreement" it is stated directly that it is not by chance that even specialists of the RSFSR Ministry of the Meat and Dairy Industry are tenaciously holding on to the existing order, or, to put it more precisely--the lack of order.



After the articles had appeared in our newspaper, the ministries involved began an experiment on implementing the acceptance of cattle at the site by live weight--in Lipetsk Oblast and the Krasnodar Kray. Here is what we were told by A. A. Nikitin, the chief state inspector for procurements and the quality of agricultural products of Murmansk Oblast.

"We have attentively followed the progress of this experiment and have been pleased with its results. We have become tired of the so-called 'centralized shipping' and will now make the transition to accepting cattle by live weight at the farms."

But it's not so simple to break the resistance of the processing people, who in the course of many years have not only become accustomed to the old way but have also become used to extract certain profits from the imperfections of the system. In Belgorod Oblast itself nobody, in fact, works in direct connection with the meat-packing combines. Why is this so?

P. D. Tveritin, the director of the Gotnynsk Meat-Packing Combine, has offered the following excuse: "The acceptance of cattle at the site does not depend on us. Whatever they decide in the ministry, that's the way we will do it."

But just how do they regard this matter today in the RSFSR Ministry of the Meat and Dairy Industry?

"During the final five days of each month is when 30--40 percent of the cattle delivered to the meat-packing plants actually come in. Such disruptions cannot be satisfactory to anyone," states, V. S. Knarygin, Minister of the Meat and Dairy Industry. "To a certain degree, centralized shipping did allow us to observe the schedule of deliveries more precisely, but it did not eliminate all the problems. And so not to engage in direct connections today means that operations will continue to go poorly."

There are a number of farms, it was emphasized at the conference, for which the calculation by shipment and quality of meat do not bring any serious losses. It is possible that they still have no need to sharply change the principle of their relations with the meat-packing combines. But for the overwhelming number of kolkhozes and sovkhoses, particularly those in remote areas, it is necessary to have on-site acceptance. Of course, we must not expect instantaneous changes. Direct connections are also hindered by a number of objective factors--either by a lack of good roads or a lack of weighing facilities.... But, of course, these factors too must be overcome. Those RAPO's [Rayon Agro-Industrial Associations] have acted correctly where, instead of complaining, the people have proceeded to work actively--to build those communicating roads and rail sidings and to furnish the necessary equipment.

The conference in Belgorod has underscored yet again the importance and necessity of the work which has been begun. Now there can be no doubt in anyone's mind: the expenditures on making the transition to the on-site acceptance of milk, meat, and poultry will be repaid with interest; they will provide the national dining table with a substantial increase in the products of livestock breeding.

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